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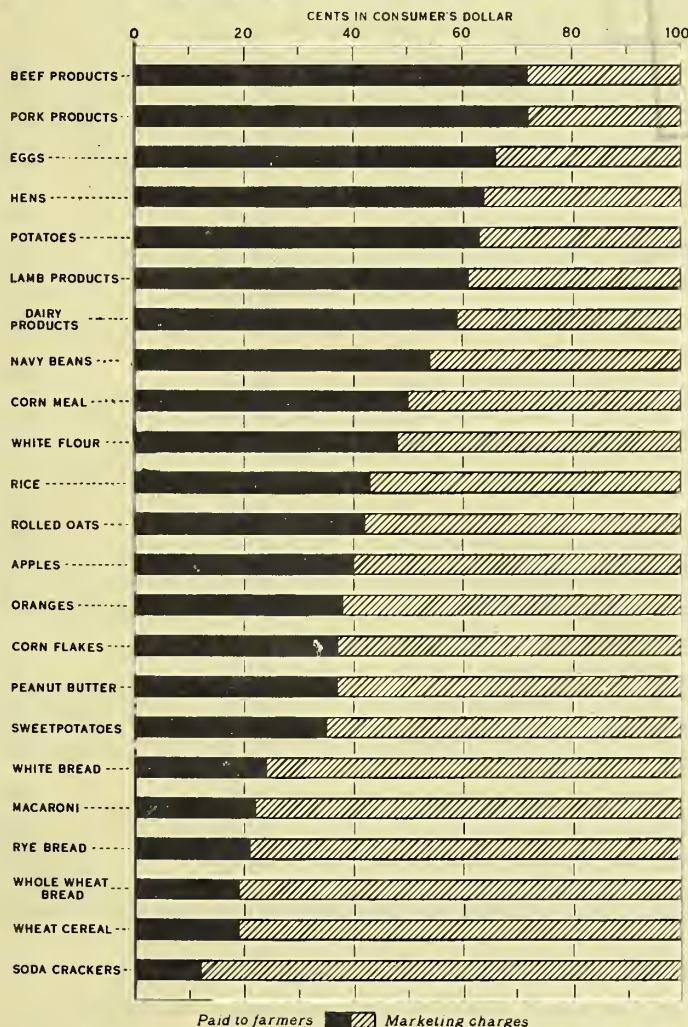
BUREAU OF AGRICULTURAL ECONOMICS  
UNITED STATES DEPARTMENT OF AGRICULTURE

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FOOD PRODUCTS: THE FARMER'S SHARE OF THE CONSUMER'S DOLLAR, AUGUST 1943



U. S. DEPARTMENT OF AGRICULTURE

NEG. 42639 BUREAU OF AGRICULTURAL ECONOMICS

In August 1943 the farmer's share of the retail price was greatest for meat, dairy and poultry products, and potatoes, and smallest for the highly processed and packaged items such as wheat cereal and soda crackers, averaging the highest since 1919.

Table 1.- Food products: The farmer's share of the consumer's dollar, August 1943

| Item                    | Aug. 1943    |                |
|-------------------------|--------------|----------------|
|                         | Retail price | Farmer's share |
| Beef products .....     | 100          | 72             |
| Pork products .....     | 100          | 72             |
| Lamb products .....     | 100          | 61             |
| Hens .....              | 100          | 64             |
| Eggs .....              | 100          | 66             |
| Dairy products .....    | 100          | 59             |
| White bread .....       | 100          | 24             |
| Whole wheat bread ..... | 100          | 19             |
| Rye bread .....         | 100          | 21             |
| Soda crackers .....     | 100          | 12             |
| White flour .....       | 100          | 48             |
| Wheat cereal .....      | 100          | 19             |
| Macaroni.....           | 100          | 22             |
| Corn meal.....          | 100          | 50             |
| Corn flakes .....       | 100          | 37             |
| Rolled oats .....       | 100          | 42             |
| Rice.....               | 100          | 43             |
| Navy beans .....        | 100          | 54             |
| Potatoes .....          | 100          | 63             |
| Sweetpotatoes .....     | 100          | 35             |
| Oranges .....           | 100          | 38             |
| Apples .....            | 100          | 40             |
| Peanut butter .....     | 100          | 37             |
| 58-foods combined ..... | 100          | 58             |

Based upon retail prices in 56 cities published by the U. S. Bureau of Labor Statistics.



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General Summary

The farmer's share of the retail food dollar reached 58 cents in August 1943, the highest on record since 1919. Marketing charges on farm food products fell 5 percent from July to August, retail prices dropped 2-1/2 percent, and payments to farm food producers did not change. These changes reflected the extension of the food price rollback as well as other conditions. Subsidies paid to processors of butter and meat products have accounted for more than a third of the 14 percent decline in food marketing charges from May to August 1943.

Marketing margins on farm food products in 1944 are not expected to rise appreciably over the 1943 level unless there is a decided increase in general wage rates. Farm-retail margins for consumers' cotton products probably will remain near 1943 levels.

The combination of prospective higher consumer incomes and the rollback in retail food prices points to a new record low of retail food prices relative to income by the end of 1943.

Marketing and processing facilities, with a few exceptions, are expected to be fairly adequate for handling the peak load of agricultural products available in the fall of 1943 and 1944. The large potato crop, particularly in Maine and Idaho, has created storage and transportation problems this fall and a similar situation may develop in 1944. Additional storage facilities may be needed for the 1944 sweetpotato crop, and additional crushing facilities may be needed to handle soybeans produced in the Corn Belt next year.

Actual or potential shortages of most types of containers made of paper, wood, fibre and cloth are a chief source of concern regarding marketing facilities. A shortage of containers may be the most troublesome difficulty confronting shippers of many agricultural products and processed foods in 1944.

Indications are that transportation facilities will be taxed in attempting to handle the large volume of traffic in agricultural and other products in prospect for 1944.

The general motor transport outlook for handling agricultural products in 1944 is less favorable than conditions have been in 1943. The shortage of new equipment and replacement parts will continue to cause serious trouble. Tire shortages will be supplemented by the deepening manpower crisis. During the latter part of 1944 shortages of truck drivers and of garage mechanics may restrict the use of motor vehicles. As farmers usually drive their own trucks their situation, apart from inadequate garage service, probably will be better than that of commercial carriers.

Indications are that railroads will be used to near capacity in many areas this fall. With the manpower and equipment situation for railroads becoming more acute and with the limitations on motor transportation, it may be extremely difficult to handle the peak load of traffic in the fall and winter of 1944. The situation may be particularly difficult for fruits and vegetable producers along the West Coast, potato producers in Maine and Idaho, grain producers in the West, and cattle producers in the Middle West.

The outlook for ocean shipping has improved considerably in recent months. The tonnage of cargo ships in overseas trade has increased considerably as a result of the substantial margins of new construction over sinkings. In addition, many ships can be utilized more efficiently as a result of opening up the Mediterranean. Volume of traffic will continue large as long as the global war lasts. The ocean shipping outlook for 1944 seems definitely more favorable than in 1942 and the early part of 1943.

#### THE OUTLOOK FOR MARKETING AND PROCESSING FACILITIES . 1944

The marketing and processing situation in 1944 will, with some exceptions, be largely a continuation of 1943 conditions. Some shortages may become more stringent, others will have been relieved or partially relieved. We can expect a somewhat better adaptation to war-time conditions by both Government agencies and marketing enterprises than has existed in the past year.

#### Commodity highlights

The October 1 Crop Report does not indicate any serious marketing situation due to crop size, with the single exception of potatoes. Although more production would have been welcome for many crops, from a marketing point of view the indicated production of most crops is just comfortably under the 1942 levels so that existing marketing equipment should be adequate to handle them if labor is available.

The all-time record late potato crop of 469,545,000 bushels presents serious storage problems, particularly in Maine where production will be from 17 to 20 million bushels in excess of storage capacity, now estimated at 49 million bushels. Idaho also promises to have a record crop, much of which will have to be stored in the region if congestion on western rail lines is to be avoided. The various claimant agencies apparently will be able to use the potato crop, so that the problem is mainly one of storage to provide an even distribution for war and civilian needs throughout the year. Fortunately the late crop appears to be practically disease-free, so that the only difficulty is adequate protection against frost. The loan and price guarantee programs should aid the orderly marketing of the crop.

The decline in expected yield of sweetpotatoes, now forecast at 74.7 million bushels, has considerably relieved the expected strain on curing and storing facilities although the problem is still serious in some areas. If the same or a larger acreage is called for in the production goals for 1944, additional storage will be needed.



The soybean crop of 208.7 million bushels will apparently be about the same as last year, and production will be distributed roughly in about the same localities. The facilities and plans developed to meet an emergency situation in this crop last year, should be able to handle this year's crop with much less difficulty. New mills with a capacity of 25 million bushels have been installed in the Corn Belt. Further expansion of acreage in the Corn Belt expected for next year would warrant still more additions to crushing capacity in that area, at least up to the point of providing capacity for what may be predicted as long-run production levels. Excess production can still be crushed by shipment to other areas, but this is costly and wasteful of transportation resources.

The livestock transportation and processing situation for 1943-44 was reviewed in detail in the April - May and in the August issues of this publication. It was emphasized that in order to transport and process the large numbers of cattle and hogs available this fall, it may be necessary to spread out the shipments within the week and perhaps from one week to another during the heavy marketing period. An early start in the heavy movement of hogs to market would help considerably to relieve the strain.

With prospects for a substantial increase in the number of cattle to be marketed in 1944 and a considerable decrease in the number of hogs, the slaughtering facilities in 1944 probably will be adequate if the supply of experienced labor in slaughtering establishments is not too greatly reduced. A probable heavy liquidation of range cattle in the fall of 1944 will not result in a corresponding increase in slaughter because some will go into feedlots and will be marketed for slaughter the following winter and spring.

The War Food Administration has announced the continuation of the Southern egg marketing program which was placed in effect last year to enable small producers to dispose of their eggs at support prices. Expected continued large production in 1944 will require the use of all of these facilities.

As far as can be determined at this time, processing facilities will be adequate even for an expanded fruit and vegetable production in 1944. The amount of tin which can be allocated to the fruit and vegetable pack appears much greater than anticipated at the beginning of the war. Dehydration facilities have been rapidly expanded during the present year and should be able to meet the demands for most dehydrated products by the time the 1944 crop is ready for packing.

#### Container and labor shortages

The chief source of concern in marketing facilities is the actual or potential shortage of most types of containers made of paper, wood, fibre, and cloth. Unless adequate labor is available for cutting of both pulpwood and box shuck a shortage of containers may be the most troublesome difficulty in the coming year to confront shippers of many agricultural products and processed foods. Even this year makers of glass fruit jars were handicapped in getting them to home canners on account of a lack of fibre cases in which to pack the jars.

The container problem has been growing as the number of wooden crates and boxes used in overseas military shipments has increased. Some improvement will result if arrangements can be worked out for resale of more of the wooden containers delivered to domestic army posts and for more return and re-use of wooden containers by the trade.

A growing shortage of textile mill labor may result in considerably lower output of textiles this year than last although a greater proportion of the output will be available for civilian consumption. Physical plant capacity is adequate for greater output since even at the peak of operations many mills were unable to go on a three-shift 24-hour basis and some few even operated on a single shift due to lack of labor.

Processing plant labor will continue to be a cause of concern in the coming year. Since this work is performed in groups, however, and most processing plants are located so that they can be guarded easily, this might be a good way to use the labor of prisoners of war. Processors who will need this labor should explore the situation at an early date since such arrangements necessarily require time.

### Retailing and wholesaling

Except for continued labor shortages food retailers and wholesalers will in general enjoy at least as good a year in 1944 as they have experienced in 1943. The dollar volume of foods available for civilian consumption will probably be at least as high as it was this year. Some price and rationing restrictions have been simplified. The fact that the public is now more familiar with the present price and rationing system means that less of the clerks' time will be required to explain it to customers.

Many statements have been made regarding the war-time difficulties and restraints facing food dealers, but very little has been said about the favorable factors affecting their operations. In many cases these favorable factors have been more than enough to offset the effects of war-time restraints from the point of view, of net profits. Some of these favorable factors may be summarized as follows: (1) Better incomes and limited supplies have reduced the necessity for sales effort to a minimum and have tended to increase the size of the average order; (2) the attractiveness of other war jobs and construction difficulties have kept potential owners or managers from starting new stores to replace those which have gone out of business. Incidentally, the vast majority of store closings have been voluntary- not bankruptcies. Thus the remaining stores have had less competition and have enjoyed greater volume per store than would have been the case if closed stores had been replaced by others as in peacetime; (3) the large demand for goods has helped to move many slow-moving high-priced items from the dealers' shelves.

There is at least presumptive evidence that the favorable factors have offset the unfavorable factors in the figures for business failures given in table 4(p.18) Retail food and liquor store failures for the first 6 months of 1943 were only 32 percent of those in the first 6 months of 1942 and only 27 percent of those for a similar period in 1941. Failures of food wholesalers have dropped in similar fashion.

Independent and chain stores have accommodated themselves to the labor shortage in different ways. The independents have curtailed or discontinued services and many have changed to self-service methods. In general the chains with no delivery service and mostly on a self-service basis have accommodated themselves by discontinuing some store units, and concentrating labor and inventory in the more profitable store units. As a group, independent stores have gained in total dollar volume at the expense of the chains.



## TRANSPORTATION

The volume of traffic has been large and continues to expand under the impetus of war conditions. Table 2 shows that the total rail tonnage originated rose from 902 million tons in 1939 to 1,421 million tons in 1942. The first quarter of 1943 materially exceeded the same quarter in 1942. The rail tonnage of agricultural products has generally shown a similar trend, except for a relatively small decline in 1940 as compared with 1939. Shipments of animals and animal products by rail advanced steadily from 1939 through 1941 and rapidly in 1942 and 1943. The percentage of agricultural, livestock, and animal products' tonnage to total tonnage, however, fell from 11.8 percent in 1939 to 9.6 percent in 1941. It rose very slightly in 1942 to 9.7 percent. Present indications are that the percentage of farm products, including animals and their products, to total rail traffic will be somewhat higher in 1943 than in 1942. Probably about one-tenth of the rail tonnage will come from farm sources in the period ahead. This being the case, the farm transportation problem can be seen to be a part, but only a part of the national transportation problem. Transportation shortages of manpower, equipment, parts, supplies, etc., will affect farmers in common with all other users of service.

The transportation outlook for 1944 is spotty. Prospects for ocean shipping have improved but the domestic outlook is less encouraging.

### Ocean shipping

Ocean-going cargo ships, especially Liberty ships, are being built at an unprecedented rate. The United States will probably build a little more than 18,000,000 deadweight tons (about 1,800 ships) in 1943, and, if necessary the industry might be able to produce an even greater tonnage in 1944. 1/ The United Kingdom and Canada are also building a considerable number of merchant ships, at least 2,500,000 deadweight tons in 1943. In addition, the United Nations have acquired a portion at least of the Italian merchant marine along with fighting ships as a result of Italy's unconditional surrender on September 8. These ships, however, may be needed to bring food and supplies to the Italian people and thus not be available for other use.

The Axis has been much less successful in sinking Allied ships for the past months than it was a year ago. The improved situation is reflected in the recent reductions in the war risk insurance rates applicable to ships. The actual losses in merchant tonnage are a closely guarded secret. Indications are, however, that new construction now materially exceeds losses and that the merchant marine tonnage is larger than it was a few months ago, without counting any of the Italian fleet. If these favorable conditions continue to exist, the fleet at the disposal of the United Nations will steadily expand in size and may approach the pre-war tonnage by the end of 1944.

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1/ Although vessel measurement is of two kinds, space and weight, the unit of measurement in both cases is called a "ton". Space and weight tonnage, however, are very different and not closely related. Deadweight tonnage represents the total carrying capacity of a merchant vessel and is equivalent to the difference between a ship's displacement light and its displacement loaded to the deep-load line. Gross tonnage is, in contrast, a form of space measurement and in general is equal to the cubic content of the hull of a ship plus certain enclosed superstructures, the unit being 100 cubic feet. A ship's deadweight tonnage ordinarily exceeds its gross tonnage by 50 percent roughly.

Table 2.- Tons of agricultural and other revenue traffic, originated by Class I railroads United States, by quarters, 1938-43

| Year and quarter | Products of agriculture | Animals and products | Other carload traffic | Loss than carload traffic | Total      | Percentage of agriculture, and animals and products to total tonnage |
|------------------|-------------------------|----------------------|-----------------------|---------------------------|------------|--|
|                  | 1,000 tons              | 1,000 tons           | 1,000 tons            | 1,000 tons                | 1,000 tons | Percent  |
| 1938 -           |                         |                      |                       |                           |            |  |
| 1st.             | 20,505                  | 3,388                | 143,135               | 3,360                     | 170,388    | 14.0   |
| 2nd.             | 18,216                  | 3,351                | 145,965               | 3,525                     | 171,057    | 12.6   |
| 3rd.             | 27,296                  | 3,664                | 172,221               | 3,750                     | 206,931    | 15.0   |
| 4th.             | 29,585                  | 4,369                | 186,389               | 3,763                     | 224,106    | 15.2   |
| Total            | 95,602                  | 14,772               | 647,710               | 14,398                    | 772,482    | 14.3   |
| 1939 -           |                         |                      |                       |                           |            |  |
| 1st.             | 17,466                  | 3,382                | 163,872               | 3,384                     | 188,104    | 11.1   |
| 2nd.             | 18,758                  | 3,460                | 165,705               | 3,655                     | 191,578    | 11.6   |
| 3rd.             | 26,018                  | 3,824                | 217,129               | 3,954                     | 250,925    | 11.9   |
| 4th.             | 29,333                  | 4,378                | 233,463               | 3,971                     | 271,145    | 12.4   |
| Total            | 91,575                  | 15,044               | 780,169               | 14,964                    | 901,752    | 11.8   |
| 1940 -           |                         |                      |                       |                           |            |  |
| 1st.             | 18,522                  | 3,569                | 187,899               | 3,308                     | 213,297    | 10.4   |
| 2nd.             | 17,354                  | 3,481                | 214,455               | 3,546                     | 238,836    | 8.7  |
| 3rd.             | 25,473                  | 3,758                | 250,640               | 3,754                     | 283,625    | 10.3   |
| 4th.             | 27,458                  | 4,651                | 237,451               | 4,083                     | 273,644    | 11.7   |
| Total            | 88,807                  | 15,459               | 890,445               | 14,691                    | 1,009,402  | 10.3   |
| 1941 -           |                         |                      |                       |                           |            |  |
| 1st.             | 18,335                  | 3,585                | 224,772               | 3,786                     | 250,478    | 8.8  |
| 2nd.             | 21,217                  | 3,933                | 262,796               | 4,612                     | 292,558    | 8.6  |
| 3rd.             | 29,412                  | 4,186                | 314,714               | 4,924                     | 353,236    | 9.5  |
| 4th.             | 31,209                  | 5,106                | 290,321               | 4,768                     | 331,404    | 11.0   |
| Total            | 100,173                 | 16,810               | 1,092,603             | 18,090                    | 1,227,676  | 9.6  |
| 1942 -           |                         |                      |                       |                           |            |  |
| 1st.             | 24,689                  | 4,407                | 257,460               | 4,428                     | 290,984    | 10.0   |
| 2nd.             | 22,512                  | 4,807                | 321,197               | 4,412                     | 362,928    | 7.5  |
| 3rd.             | 29,876                  | 5,324                | 356,059               | 4,244                     | 395,503    | 8.9  |
| 4th.             | 40,240                  | 6,082                | 321,053               | 4,492                     | 371,867    | 12.5   |
| Total            | 117,317                 | 20,620               | 1,265,769             | 17,576                    | 1,421,282  | 9.7  |
| 1943 -           |                         |                      |                       |                           |            |  |
| 1st.             | 34,752                  | 4,953                | 280,630               | 4,307                     | 331,174    | 12.0   |
|                  |                         |                      |                       |                           |            |  |
|                  |                         |                      |                       |                           |            |  |
|                  |                         |                      |                       |                           |            |  |

Source: Interstate Commerce Commission, Bureau of Statistics, Statement No. Q - 500 (QCS) Freight Commodity Statistics by Class I Steam Railroads in the United States, 1938-43.



Besides the larger tonnage to be expected in the period ahead because of the margin of new construction over sinkings, many ships can be utilized more efficiently than heretofore. For example, by opening up the Mediterranean, ships may now be operated to the Middle East, India, and the Far East by a direct route through the Suez Canal rather than by the long route around South Africa. This development alone will in effect free a substantial tonnage for use elsewhere.

The volume of traffic will, of course, continue to be very large as long as the global war lasts. But unless the demand for shipping space should become greater than now anticipated, or the Axis should greatly accelerate the rate of destruction of Allied ships, the shipping outlook for 1944 seems definitely more favorable than in 1942 and the early part of 1943. If the war in Europe should end within a short time, the outlook would further improve over what it has been in the past year. There might be a temporary shortage of space on those routes which were returning soldiers from overseas' fighting fronts, or were rushing foods and supplies to stricken areas abroad. The rehabilitation and relief of such areas will continue to create a heavy load for the Allied merchant fleet for some time until normal peacetime shipping is reestablished.

#### Highway transportation

The general motor transport outlook for 1944 is less favorable than actual conditions have been in 1943. It is also more critical than the railroad prospect. In common with the railroads, motor carriers will continue to have serious difficulty in obtaining equipment and replacement parts to maintain service. Large numbers of trucks, buses, and passenger cars, especially the latter, are due to wear out and cannot be replaced immediately. As a result, there will be a very considerable net decrease in the number of motor vehicles engaged in private and commercial service by the end of 1944 as compared with 1943. This will be the case even though some former truck manufacturing plants may be reconverted from the production of war goods to trucks for civilian use.

Motor carrier operators will have to face a serious problem in the months just ahead because of the growing scarcity of satisfactory rubber tires for heavy duty service. The reduction of natural crude rubber reserves will bring into general commercial use tires made of synthetic rubber. Tests indicate that these tires are thoroughly adequate when properly used on light vehicles. When overloaded in heavy duty service or otherwise abused the new tires break down with inevitable cracks and blow-outs long before the treads are worn out.

In time heavy duty tires made from synthetic rubber may fully equal those made of crude rubber. Until that process is perfected however, heavy truck and bus service will call for maintenance of rated loads, care of tires, proper inflation and avoidance of holes and rocks. But even if this problem is solved there will be all too few tires for comfort. There is no assurance that enough synthetic tires can be produced to go around, not because of the shortage of synthetic rubber, but because of the lack of sufficient tire-making plant, tire cords and labor equipment to meet all civilian as well as military requirements. If the necessary strategic materials and supply of labor are made available this bottleneck can be broken, but it will take months under the best circumstances.



Once the problem of tire manufacturing capacity and production is solved, the outlook for motor transportation, while seeming to improve for that reason, will undoubtedly be counteracted by the deepening manpower crisis. Truck drivers and helpers and garage mechanics are being drained off into the armed forces and other enterprises. Women, older men, and boys are being pressed into service, but the prospect for maintenance of the labor force in motor transportation at proper strength is dark indeed. This crisis will probably reach really serious proportions during the last three quarters of 1944. Farmers will feel the pinch as they are compelled to place their trucks and other vehicles in garages for repairs and maintenance. They will not face the same trouble about drivers and helpers as the commercial carriers, because they generally drive their own vehicles.

The scarcity of gasoline for civilian use has in the past been featured as perhaps the key limiting factor in the motor transportation field. Unless some unforeseen breakdown in the production or transportation of gasoline should occur, the motor fuel problem should prove to be less troublesome in the future than tires, manpower, equipment and parts. Gasoline rationing will be necessary, of course, until the war is over. Owners of passenger cars and trucks not employed in essential service will continue to receive very small allowances of gasoline. But farmers and others will probably get the fuel they need for essential transportation.

To summarize the motor carrier outlook: The shortage of new equipment and replacement parts will continue to cause serious trouble. Tires will furnish a great bottleneck in the period immediately ahead. The tire shortages will be succeeded and perhaps overlapped by the deepening manpower crisis. During the latter part of 1944, shortage of parts, of truck drivers and helpers, and of garage mechanics are likely to hold first place among the difficulties faced by operators of motor vehicles. As farmers generally drive their own trucks, their situation, apart from garage service and parts will probably be better than that of commercial carriers, who have to depend upon hired drivers and helpers.

### Rail transportation

The railroads are being pushed hard and during the October seasonal peak last year were operated close to capacity. The burden on them will probably be even greater this autumn. Already an increase in the number and severity of railroad accidents has taken place. The manpower situation on the railroads is so bad that the Office of Defense Transportation has promulgated a 13-point program designed to ease the situation, especially in the West. It has called upon management, labor, and Government to cooperate in working out a solution to the problem. Equally serious, if not more so, is the car and locomotive situation. The demand for box cars, especially for the movement of grain during the autumn peak traffic, is already placing a severe strain on the railroads. Some of the leading railroads report that not a single stored serviceable locomotive is available on their lines. The proportion of stored serviceable locomotives to the total number in operation has already reached a record low level, a dangerously low level because reserves of usable motive power are practically exhausted. The details are presented in table 3 .

Table 3.- Total locomotives, percentage unserviceable, and percentage stored serviceable to total locomotives, Class I railroads; United States, by specified months, 1940-43

| Year<br>and<br>month | Total locomotives<br>assigned to - |         |                  | Percentage unservice-<br>able to total loco-<br>motives |         |                  | Percentage stored<br>serviceable to total<br>locomotives |         |                  |
|----------------------|------------------------------------|---------|------------------|---|---------|------------------|--|---------|------------------|
|                      | Yard                               | Road    | Pass-            | Yard  | Road    | Pass-            | Yard   | Road    | Pass-            |
|                      | switch-<br>ing                     | freight | enger<br>service | switch-<br>ing  | freight | enger<br>service | switch-<br>ing   | freight | enger<br>service |
|                      | Number                             | Number  | Number           | Percent   | Percent | Percent          | Percent  | Percent | Percent          |
| 1940 -               |                                    |         |                  |   |         |                  |  |         |                  |
| Jan.                 | 12,793                             | 22,516  | 7,454            | 15.3  | 24.8    | 22.5             | 4.7  | 6.8     | 6.4              |
| Apr.                 | 12,799                             | 22,451  | 7,440            | 16.1  | 25.6    | 22.8             | 6.1  | 8.5     | 7.2              |
| July                 | 12,696                             | 22,188  | 7,299            | 16.8  | 25.0    | 21.1             | 6.1  | 8.1     | 7.5              |
| Oct.                 | 12,727                             | 22,284  | 7,335            | 16.3  | 25.1    | 22.0             | 5.6  | 8.0     | 7.4              |
| 1941 -               |                                    |         |                  |   |         |                  |  |         |                  |
| Jan.                 | 12,864                             | 21,894  | 7,212            | 14.9  | 23.3    | 21.4             | 3.7  | 6.2     | 6.0              |
| Apr.                 | 12,914                             | 21,836  | 7,198            | 14.5  | 23.1    | 21.8             | 3.4  | 5.9     | 5.9              |
| July                 | 12,928                             | 21,764  | 7,163            | 13.6  | 21.6    | 20.8             | 3.0  | 5.1     | 5.6              |
| Oct.                 | 13,150                             | 21,830  | 6,946            | 9.7   | 16.2    | 17.5             | 2.7  | 3.9     | 7.8              |
| 1942 -               |                                    |         |                  |   |         |                  |  |         |                  |
| Jan.                 | 13,233                             | 21,888  | 7,027            | 9.8   | 14.9    | 15.9             | 3.2  | 4.2     | 5.6              |
| Apr.                 | 13,351                             | 21,915  | 6,774            | 9.1   | 14.2    | 16.0             | 2.5  | 3.1     | 4.3              |
| July                 | 13,319                             | 21,913  | 6,834            | 9.3   | 13.9    | 15.0             | 2.7  | 3.2     | 4.2              |
| Oct.                 | 13,426                             | 22,027  | 6,684            | 7.4   | 10.6    | 13.0             | 1.8  | 1.5     | 2.6              |
| 1943 -               |                                    |         |                  |   |         |                  |  |         |                  |
| Jan.                 | 13,491                             | 21,974  | 6,765            | 7.4   | 11.4    | 11.7             | 1.7  | 1.6     | 2.4              |
| Apr.                 | 13,552                             | 22,030  | 6,705            | 7.9   | 11.7    | 12.0             | 1.3  | 1.3     | 2.1              |

Source: Interstate Commerce Commission, Bureau of Transport Economics and Statistics, compiled from Statement No. M-240 (O'S-F) Motive Power and Car Equipment of Class I Steam Railroads in the United States, 1940-43.



The possible cessation of hostilities in the European theatre of war, if not accompanied by a similar cessation in the Pacific area, will not relieve the railroads of serious operating problems, although at least two important traffic shifts will probably occur. First, if there is a large reduction in the size of the army, this will mean a substantial lessening in the volume of passenger travel by rail after the soldiers return to their homes. Second, the pressure of freight traffic moving westward on the transcontinental railroads will increase, as the Pacific war is stepped up in intensity because of the release of equipment, materials, and supplies formerly shipped to Europe. The transcontinental railroads are already being heavily burdened by westbound traffic destined for West Coast and overseas areas. The transcontinental lines may be afforded slight relief if efforts to restore some ships to the intercoastal service should be successful. But this relief, if it comes, will probably not help to ease the rail burden this autumn.

#### Unusual farm transportation difficulties

Besides the transportation problems that will confront all users of transportation service including farmers, there are several unusual transportation difficulties which farmers may have to face in the year ahead.

Perhaps the most serious question just ahead for farmers has to do with the movement of western perishables to eastern markets. Because of the heavy westbound war traffic, difficulties have occurred in returning empty refrigerator cars to the West Coast for reloading with fresh fruits and vegetables destined for eastern markets. The potentially critical situation is of special concern to growers of western vegetables which are to be harvested and shipped next winter. Locomotives formerly available for hauling the empties westward are now used increasingly to pull loaded cars. In an effort to insure an adequate refrigerator car supply to meet the anticipated heavy traffic of western fruits and vegetables during the peak season beginning in October and extending into the winter, the railroads have been ordered to substitute refrigerator cars for box cars for moving goods to the Western States. This action has helped to relieve possible shortages of empty refrigerator cars on the Pacific Coast. The commercial truck crops in the West Coast areas, as elsewhere, are expected to be considerably greater in 1944 than in 1943, thus creating additional traffic problems.

The white potato crop is very large this year, the largest on record. Commercial growers in Maine, Idaho, and other sections of the country will need, therefore, an unusual number of box cars and refrigerator cars to move the crop to market. Because of the shortage of locomotives the tight box car situation, the dwindling supply of refrigerator cars and other factors, potato growers may experience considerable trouble in obtaining the requisite supply of cars. This in turn may create immediate problems of storage and orderly marketing, as the shipping season is now under way. Expectations are that the size of the 1944 potato crop will be about the same as that for 1943 and that the full utilization of the available supply of cars will be required during the heaviest part of the shipping season.

Another source of special difficulty for farmers arises because of the relatively scarcity of high-grade box cars, required for the safe shipment of grain. In ordinary cars there is danger of air and moisture seeping through the walls and ceiling of the car with resultant injury to the grain. Shippers are even now reporting shortages of suitable grain cars in the producing regions.



As a consequence, grain may also present unusual storage and marketing problems. This problem will be even more acute in 1944 if the expected increase in the production of wheat takes place.

Rail transportation of livestock is expected to reach its peak in October when cattle and sheep move from western ranges in largest numbers. Railroad stock cars may be adequate at that time but the movement of livestock may be affected by the transportation of products in general which also has its peak about the same time. For trucks, the demand is expected to be greatest in November and December when the marketing peak of hogs will be reached. In the Corn Belt Region, it is estimated that the reduced number of trucks will be able to handle from 90 to 95 percent of the volume of livestock transported by trucks a year earlier. Some shifts from truck to rail transportation of livestock have been made this year. 2/

In the fall of 1944, if the expected reduction in cattle numbers on the range takes place, heavy marketings will result which will increase the demand for stock cars and rail transportation. The trucking situation is another year may be more serious than it will be this fall, in spite of the fact that hog numbers are expected to be considerably reduced. The trucks will be a year older, some will be out of service, and others will be in poor condition. Some new trucks may be made available by that time, but the number will not be sufficient for normal replacements.

#### Adequacy of transportation

Present indications are that the total production of the country will increase slightly during the next year. It is questionable, however, whether the total volume of domestic traffic can increase at all, the domestic transportation outlook being what it is. Hence, if the volume of potential traffic, agricultural and nonagricultural, should continue to increase, it is obvious that one or two things is bound to happen. Either the railroads will have to absorb all or practically all of the increase or some means will have to be found to voluntarily reduce embargo, or otherwise prohibit the movement of a portion of the traffic clamoring for space. The motor carriers will not be in a position to share in any increase in traffic. Indeed some of their regular traffic will be shifted to the railroads during the coming year. Nor will the water carriers on the Great Lakes and along the seaboard be likely to expand their operations materially, although there is some prospect that a few more boats may be put in service before next season.

Capacity is not an easy thing to measure. It is compounded of many variables, some of which are intangible. The railroads may or may not be operated this autumn to the limit of their feasible capacity. The load the railroads can bear may best be tested by observing their performance for signs of service failures. Congestion in the terminals or on the line is a good measure of a breakdown, as are reports of chronic car shortages. If the railroads manage to survive the peak period extending from early autumn through the winter, the margin of excess capacity will have been small or nonexistent.

If restrictions, voluntary or otherwise, should be placed on commodity movements, most agricultural products would undoubtedly receive high priority treatment. Foods and other farm products of strategic military importance would, of course, rank high on the list of preferred items. The country is not likely

2/ A more detailed analysis of the transportation facilities for livestock during the fall and winter of 1943-44 appears in the August 1943 issue of this publication.

to allow essential farm products to remain on the farms or at local shipping points for want of transportation service. So, while the over-all transportation outlook is not as good as the country would like it to be, there is little doubt that most agricultural commodities will be moved to consuming centers, if necessary by holding some less important traffic off the rails as crises develop from time to time and place to place.

### MARKETING COSTS AND CHARGES

#### Marketing charges in 1944 probably no higher than in 1943

Marketing agencies during the past year have handled a record volume of farm products for civilian and Government use, and their charges per unit for these services generally have advanced much less rapidly than prices. Both food producers and consumers have benefited from the relative stability of food marketing margins, which have remained near pre-war (1935-39) levels despite sharp advance in prices. By August 1943 retail food prices were up 33 percent while farm prices were 83 percent over pre-war. Marketing charges on consumers' cotton products rose slightly into 1943 and have increased over 1935-39 in about normal relation to prices.

What is the prospect for marketing charges in 1944? During the past 2 years wage rates and prices of goods and services used by agencies marketing farm products have been increasing while Government regulations have operated to limit increases in prices and margins received by those agencies. Marketing agencies have been able to bring about physical economies in operation, and in addition have benefited from increased volume, thus holding down unit costs. Available evidence on profit rates relative to investment and on numbers of business failures among marketing agencies indicate that for many firms, at least, costs have been held within margins charged, leaving some profit margin. Although factors tending to raise marketing margins will continue to be present in 1944, there is no reason at present to expect that the counterbalancing influences will be less strong. Marketing margins on farm products in 1944, therefore, may not increase appreciably over the 1943 level.

#### Marketing charges on farm food prices remain low in relation to price levels

In August 1943 charges for marketing a representative list of farm food products was 3 percent below the 1935-39 average, while retail prices increased 33 percent and farm prices 83 percent during the same period. The list of farm food products making up the food basket includes 58 retail items, and the quantity of each represents annual purchases of a typical workingman's family. Marketing charges are calculated as the spread between the retail cost of the food basket and payments to farmers for equivalent quantities of farm produce.

Retail cost of the family "food basket" was \$440 in August 1943, reflecting a decline of \$35, or 7 percent, from the recent high of \$475 reached in May. Office of Price Administration price reduction measures and larger seasonal supplies of some perishables largely accounted for the decline. Most of this reduction was taken out of the middlemen's margins, which declined \$29, or 14 percent from May to August, while payments to farmers dropped only \$6 or 2 percent. Middlemen have been recompensed for a portion of this margin



decline by processor subsidies for butter, beef, pork and lamb. On the other hand, food marketing charges had risen sharply during early 1943 to reach a 12-year record high in May after remaining quite stable through 1942 at levels near the pre-war 1935-39 average of \$191.

In comparison with August 1942, retail cost of the "food basket" in August 1943 was up 9 percent, payments to farmers up 19 percent, and the marketing margin was down 1 percent.

The farmer's share of the retail food dollar reached a recent high of 58 cents for August 1943, highest on record since 1919, compared with 55 cents in May, 53 cents in August 1942, and the pre-war 1935-39 average of 42 cents. This resulted from the sharp decline in the marketing margins which occurred when retail prices were reduced without a corresponding drop in farm prices.

The Office of Economic Stabilization has announced its intention of further reducing prices of fresh fruits and vegetables to levels of September 15, 1942, as the major item in the "rollback" of the cost of living. Prices of fresh fruits and vegetables were responsible for the major part of the rise in the cost-of-living index between September 1942 and the peak in May 1943. The total food group currently makes up about 40 percent of consumer expenditures included in the calculation of the index. The cost-of-living index is therefore reduced about  $\frac{4}{10}$  of 1 percent by each 1 percent reduction in the food price index. The cost-of-living index for August 1943 was 4.6 percent higher than the index for September 1942. If the full burden of reduction were placed on foods the food price index would have to be reduced by 11-1/2 percent below that for August 1943. A reduction of this magnitude would amount to about \$52 for the food basket. It is anticipated that in addition to revision of the price regulations a substantial reduction will be achieved through better compliance with price ceilings.

While food prices were declining from May to August, prices of most other cost-of-living items continued to move upward, in particular clothing and items in the miscellaneous group. Within the food group, fresh and canned fish show a price rise over the pre-war period which exceeds the rise for any group of farm food products.

#### Subsidies have reduced food marketing charges by 5 percent

Government subsidies paid to processors of butter, beef, pork, and lamb products since May amount to about \$11 on the quantities of these items included in the "food basket". This is about 5 percent of the May 1943 marketing margin of \$214 and would account for 38 percent of the total marketing margin reduction of \$29 occurring from May to August. The subsidies are paid to permit the rollback of retail prices without the necessity of corresponding reductions in prices paid farmers by relieving the squeeze upon processors. For example, during the week ended September 11, 1943, the Chicago packers' margin on hogs as calculated for specified products (not a complete measure of net profit or loss on hog processing operations) showed a gross loss of \$1.99 per hundred pounds live weight. About \$1.30 of this was repaid through the hog subsidy, leaving a loss of \$0.69 which is fairly well in line with the recent levels of this margin during late 1942 and early 1943. This suggests that hog processors have actually reduced their margins by approximately the amount of the subsidy. For the quantities of butter, beef, pork, and lamb included in the "food basket", the reduction in the farm-retail marketing margin from May to August totaled near \$11, about the same as total subsidy payments on these items.



Although farm-retail price spreads have narrowed for subsidized farm food products so that apparent marketing charges have declined on these items, it does not follow that marketing costs or profit margins have been reduced. Rather, it reflects the division of marketing costs plus profits into two segments, the one paid for by the subsidy, the other paid for by the margins taken in the market.

Declines in the marketing margins of butter, beef, pork and lamb from May to August 1943 were almost exactly equal to the subsidy payments on those products, totaling \$11 for quantities included in the "food basket". The group of fresh fruits and vegetables accounted for most of the balance of the \$29 decline in the food basket margin.

#### Retail margins drop from May to August

Comparisons of trends in the wholesale price index with retail value and farm value of the food basket indicate that most of the May - August decline in the farm-retail marketing spread was accounted for by the decline in retail margins, roughly equivalent in amount to the cut in the marketing margin of the fresh fruit and vegetable group, while the total margins of agencies between farmers and retailers (including processors) dropped by an amount approximately equal to subsidy payments on butter and meats.

The same comparisons indicate that from May 1942 to May 1943 retailers' margins made a strong advance at the expense of margins taken by other food marketing agencies, although in early 1942 the balance between retailers' margins and other margins was about the same as the pre-war 1935-39 average.

#### Food-cost share of consumer income at record low

The average United States consumer could purchase the same average quantities of foods he consumed during the 5 pre-war years 1935-39 for only 16 percent of his income in May 1943, at the recent peak of retail food prices. Retail cost of these foods has amounted to 16 percent of income since September 1942 and represents the lowest level of food prices relative to income on record beginning 1913. For the pre-war period cost of these foods was 22 percent of income and in 1919 it was 33 percent. Food prices in May 1943 were about at the 1919 level, but average consumer income was much higher in 1943.

Since May 1943 retail food prices have steadily decreased while average consumer incomes have continued to increase.

Not all of income payments to individuals is available for purchase of consumer goods and services. Disposable income remaining after provision for direct personal taxes approached a peak in middle 1943 and probably will not show much increase during 1944, but may be reduced under new tax programs.

Actual expenditures for food, including purchase of meals at eating places, have increased over 1935-39 levels far more rapidly than retail food prices. This is due chiefly to two factors: larger quantities of foods purchased per consumer and a pronounced shift to eating meals at eating places.

### Eating places selling increasing proportion of total foods

Reports of the Department of Commerce for July 1943 show that the increase over the 1935-39 pre-war level amounting to 152 percent in value of food and beverage sales made through eating and drinking places was more than twice the increase of 73 percent in sales of foods made through food stores. Much of the accelerated increase in food sales through eating places has occurred during the past year. This development has accompanied the increase in average consumer income, rationing restrictions on food purchases at stores, the increase in numbers of women entering industrial employment, and in the number of persons working away from home.

### Cotton marketing margin 39 percent above pre-war in July 1943

Charges for marketing a list of 42 important cotton clothing and household textile items in July 1943 were 39 percent higher than for the pre-war years 1935-39. This is in sharp contrast to the situation in food product marketing where marketing charges show no significant increase over pre-war. Cotton items are combined in quantities representing average annual purchases of a typical family of wage earners and clerical workers. Retail costs of these items in August 1943 were 45 percent above 1935-39 while payments to farmers for lint cotton were up 99 percent.

The cotton farmers share of the consumer's dollar spent for these cotton items was about 13 cents in August 1943 and earlier months of the year, the same as for 1942, but well above the 1935-39 average share of 9 cents. Farm-to-retail margins on cotton products should not increase into 1944.

### Cotton mill margins reduced into 1943

After reaching recent record highs in middle and late 1942, margins of spinning and weaving mills were reduced and stabilized in 1943, averaging near 20 cents per pound of lint compared to 21.2 cents in 1942 and the 1935-39 pre-war average of 12.7 cents. Cotton mill activity has recently receded from the record-breaking level maintained through 1942. What happens to the cotton mill margin in 1944 will depend upon a variety of factors including OPA price ceilings, the degree of pressure of orders upon productive facilities, and Government support of lint cotton prices, but mill margins probably will not regain 1942 peak levels in 1944.

### Have marketing agencies suffered under Government regulation?

With the extension of governmental controls into prices, rationing, and manpower regulation, it may be asked whether business firms handling farm products have suffered sharp cuts in profits or been forced out of business as a consequence. Many of the controls recently in effect have operated to limit the gross margins or selling prices of marketing agencies. Charges for marketing farm food products have appeared low in relation to price levels during 1942 and 1943. Cost of materials and other costs have not generally been controlled for the purpose of insuring fair profit margins to middlemen.

Some light is shed upon the financial condition of firms engaged in marketing farm products by records of the number of business failures and by annual and interim financial reports of large firms, chiefly corporations, as discussed below. These data refer to averages for some broad classes of enterprises and cannot accurately picture the facts for each individual firm or for all types of enterprises.



Sharp decline in failures of firms marketing farm products,- Failures of business firms engaged in marketing farm food and fiber products (bankruptcies involving probable losses to creditors, but omitting voluntary closings) showed a sharp decline from 1942 to 1943 following a substantial drop from 1941, as reported by Dun and Bradstreet, Inc., (see chart p. 31 )

Businesses are subject to a normal mortality rate, and the fact that business failures continue to occur does not indicate that conditions are abnormally unfavorable to business operation. A more significant indication is the comparison of the recent rate of failures with the number of firms failing during earlier periods. This comparison is given below in table 4 for firms engaged in marketing farm products.

Table 4.- Number of failures of business firms engaged in marketing farm products, 1941-43 1/

| Type of enterprise                         | : First 6 :<br>months of:<br>1941 | First 6 :<br>months of:<br>1942 | First 6 months of 1943<br>Actual | :Percentage of<br>: 1942 : 1941 |    |
|--|-----------------------------------|---------------------------------|----------------------------------|---------------------------------|----|
|  | Number                            | Number                          | Number                           | Percent                         |    |
| Manufacturing:                             |                                   |                                 |                                  |                                 |    |
| Food and kindred products....              | 196                               | 189                             | 51                               | 27                              | 26 |
| Textile mill products and<br>apparel ..... | 257                               | 176                             | 63                               | 36                              | 25 |
| Wholesale trade:                           |                                   |                                 |                                  |                                 |    |
| Food and farm products .....               | 239                               | 174                             | 60                               | 34                              | 25 |
| Apparel .....                              | 39                                | 15                              | 8                                | 53                              | 21 |
| Dry goods .....                            | 17                                | 13                              | 3                                | 23                              | 18 |
| Retail trade:                              |                                   |                                 |                                  |                                 |    |
| Foods and liquor .....                     | 1,346                             | 1,121                           | 360                              | 32                              | 27 |
| Eating and drinking places....             | 608                               | 604                             | 326                              | 54                              | 54 |
| General merchandise .....                  | 250                               | 163                             | 47                               | 29                              | 19 |
| Apparel and accessories.....               | 748                               | 403                             | 115                              | 29                              | 15 |
| All farm product marketing.....            | 3,700                             | 2,858                           | 1,033                            | 36                              | 28 |

Source: Dun's Statistical Review.

1/ Bankruptcies involving probable financial losses to creditors, but not including voluntary closings.

During the first half of 1943 the number of failures among marketing enterprises averaged about a third of the number failing during the first 6 months of 1942, ranging from 23 percent for dry goods wholesaling to 54 percent for eating and drinking places. The decline in number of failures was quite uniform for manufacturing, wholesaling, and retailing.

The drop in numbers of failures from 1942 to 1943 followed a less marked but quite uniform decline from the first half of 1941. This is highly significant, for 1941 was a banner profit year for many businesses, and during the early part of the year Government regulation had hardly begun its wartime growth. Altogether,



the record of failures offers no evidence that wartime Government regulations have brought about abnormally unfavorable financial conditions for marketing agencies.

#### Profits of marketing agencies sustained in 1942

Net profits less provision for taxes as a percentage of investment in 1942 for reporting corporations engaged in processing food and tobacco products and for retail food chains averaged nearly as high as in 1941, and exceeded 1941 for dairy product and bakery companies. (See page ). The 1942 profit ratios exceeded the pre-war 1935-39 average ratios for baking, meat packing, dairy products, fruit and vegetable canning, and retail food chains, but were slightly lower for tobacco and grain milling companies. For 1942 net profits less taxes as a percentage of investment ranged from 7.1 percent for fruit and vegetable canners to 11.2 percent for tobacco companies.

Financial reports for early 1943 are available from a few companies. In comparison with comparable periods of 1942, dollar net income less provision for Federal taxes increased substantially for miscellaneous food product processors, dairy companies, and baking companies, was nearly unchanged for retail food chains, and declined slightly for one reporting meat packer.

It may be asked whether profits of marketing agencies appear unduly restricted in comparison with the average of all manufacturing industries including those fabricating war materials. Data compiled and published by the National City Bank of New York showed for leading manufacturing corporations in all lines that profits after taxes as a percentage of net worth dropped from 11.6 percent in 1941 to 9.6 percent in 1942 and showed a moderate increase from early 1942 to early 1943. The general level of return on net worth in 1942 from these companies appears to be about the same as for the marketing agencies discussed above and the upward trend into 1943 also appears to be about the same.

Those comparisons are with "normal" or pre-war years. They should not be taken to indicate that wartime regulations have not greatly affected business profits, which doubtless would have been much greater in the absence of such regulations.

Growth in the dollar volume of retail food sales has been going increasingly to non-chain retail outlets. This should mean that the financial conditions of independent retailers is better in comparison with earlier years than is the financial condition of chains. Trade comment indicates that the supermarket is hardest hit in sales volume, while small neighborhood stores show the greatest gains.

#### Farm-Retail Price Spreads in August 1943

City consumers' cost of the "food basket" fell 2.5 percent from \$451 in July to \$440 in August. The "food basket" is made up of quantities of important farm food products purchased in 1 year by a typical workingmen's family. Payments to farmers for equivalent quantities of produce showed no change from July to August, remaining at \$255.

The farm-retail price spreads, the margin between cost of the food basket at retail and payments to farmers for equivalent produce, declined \$11 or 5 percent from \$196 in July to \$185 in August. The significance of the farm-retail spread as a measure of marketing charges is obscured by governmental subsidizing at the processing level for butter and meats. Charges for marketing under these conditions are approximately equal to the price spread plus the subsidy payment to marketing agencies per unit of product. For August total processing subsidy payments on amounts of butter, beef, pork, and lamb included in the food basket amounted to about \$11, so that the "food basket" price spread plus subsidies totaled about \$196.

The farmer's share of the retail food dollar at 58 cents in August was a record high since 1919, increasing from 57 cents in July and 53 cents in August 1942. This share is increased through the effects of food subsidy payments which narrow the marketing margin.

The farm-retail spread for eggs increased sharply from 17.9 cents per dozen in July to 20.4 cents in August in proportion to the retail price increase. The margin on all meats combined (after allowing for byproduct values) dropped slightly into August while the farmer's share of the retail meat dollar remained unchanged at 70 cents. Retail prices of the fresh fruit and vegetable group declined 13 percent from July to August while the marketing margin dropped 18 percent.



Table 5 .- Annual family purchases of 58 foods 1/

| Year and month        | Cost at retail<br>Dollars | Paid to farmers<br>Dollars | Marketing margin<br>Dollars | Farmer's share<br>of retail value<br>Percent |
|-----------------------|---------------------------|----------------------------|-----------------------------|--|
| 1913-15 average ..... | 236                       | 135                        | 121                         | 53   |
| 1920 .....            | 514                       | 272                        | 242                         | 53   |
| 1929 .....            | 415                       | 195                        | 220                         | 47   |
| 1935-39 average ..... | 332                       | 141                        | 191                         | 42   |
| 1940 .....            | 314                       | 132                        | 182                         | 42   |
| 1941 .....            | 342                       | 164                        | 178                         | 48   |
| 1942 .....            | 398                       | 209                        | 189                         | 53   |
| 1942 - Aug. ....      | 402                       | 215                        | 187                         | 53   |
| Sept. ....            | 405                       | 216                        | 189                         | 53   |
| Oct. ....             | 414                       | 224                        | 190                         | 54   |
| Nov. ....             | 418                       | 227                        | 191                         | 54   |
| Dec. ....             | 423                       | 234                        | 189                         | 55   |
| 1943 - Jan. ....      | 430                       | 241                        | 189                         | 56   |
| Feb. ....             | 432                       | 246                        | 186                         | 57   |
| Mar. ....             | 448                       | 257                        | 191                         | 57   |
| Apr. ....             | 462                       | 261                        | 201                         | 56   |
| May ....              | 475                       | 261                        | 214                         | 55   |
| June ....             | 470                       | 260                        | 210                         | 55   |
| July ....             | 451                       | 255                        | 196                         | 57   |
| Aug. ....             | 440                       | 255                        | 185                         | 58   |

1/ Important food products produced by American farmers combined in quantities representing annual purchases by a typical workingman's family. Retail price averages for 56 cities from U. S. Bureau of Labor Statistics.

Table 6 .- Food cost and expenditures compared with total income per person, United States average 1/

| Year and month   | Food expenditures                           |                            | Cost to consumer of fixed |                           |
|------------------|---|----------------------------|---------------------------|---------------------------|
|                  | Total                                       | As percentage of           | quantities of foods re-   | presenting average annual |
|                  | expendi-<br>tures                           | Total<br>expendi-<br>tures | consumption per person,   | 1935-39                   |
|                  | income:consumer                             | Actual:Total               | for                       | As percentage of -        |
|                  | goods                                       | income: goods              | Actual:Total              | Total ex-                 |
|                  | and   | and                        | Actual:Total              | penditures                |
|                  | services                                    | services                   | income:for goods &        | services                  |
|                  | Dol.  | Dol.                       | Dol.                      | Pct.                      |
| 1935-39 average: | 520   | 456                        | 113                       | 22                        |
| 1940 .....       | 579   | 497                        | 121                       | 21                        |
| 1941 .....       | 692   | 560                        | 140                       | 20                        |
| 1942 .....       | 857   | 612                        | 176                       | 21                        |
| 1943 -           | Annual rates by months, seasonally adjusted |                            |                           |                           |
| Jan. ....        | 973   | 658                        | 194                       | 20                        |
| Feb. ....        | 991   | 2/ 689                     | 2/ 198                    | 20                        |
| Mar. ....        | 1,009                                       | 2/ 629                     | 2/ 207                    | 21                        |
| Apr. ....        | 1,023                                       | 2/ 667                     | 2/ 194                    | 19                        |
| May ....         | 1,028                                       | 2/ 718                     | 2/ 201                    | 2/20 28                   |
| June ....        | 2/1,040                                     | 2/ 680                     | 200                       | 19                        |
| July ....        | 3/1,052                                     | 3/ 698                     | 3/ 212                    | 20                        |

1/ See notes in original table, page 3, April - May issue. 2/ Revised.  
3/ Preliminary.

Table 7 .- Price spreads between the farmer and the consumer -- food products, August, 1943

| Retail commodity  | Table No.<br>1/ | Retail                    |       | Farm equivalent           |         | Farm value as |                            |
|-------------------|-----------------|---------------------------|-------|---------------------------|---------|---------------|----------------------------|
|                   |                 | Unit                      | Price | Quantity                  | Value   | Actual margin | percentage of retail price |
|                   |                 |                           | Cents |                           | Cents   | Cents         | Percent                    |
| Pork products     | :11             | 1 lb. prin.               |       | 1.90 lb. live             |         |               |                            |
|                   | :               | pork products             | 29.3  | hog                       | 26.0    | 3.3           | 89                         |
| Dairy products    | :12             | 100 lb. milk              |       | 100 lb. milk              |         |               |                            |
|                   | :               | equivalent                | 426.4 | equivalent                | 2/253.0 | 173.4         | 59                         |
| Hens              | :13             | 1 lb.                     | 44.3  | 1.11 lb.                  | 28.4    | 15.9          | 64                         |
| Eggs              | :14             | 1 doz.                    | 59.2  | 1 doz.                    | 38.8    | 20.4          | 66                         |
|                   | :               |                           |       |                           |         |               |                            |
| White flour       | :15             | 1 lb.                     | 6.2   | 1.41 lb. wheat            | 3.0     | 3.2           | 48                         |
| White bread       | :16             | 1 lb.                     | 8.8   | .97 lb. wheat             | 2.1     | 6.7           | 24                         |
| Corn meal         | :17             | 1 lb.                     | 5.8   | 1.5 lb. corn              | 2.9     | 2.9           | 50                         |
| Rolled oats       | :18             | 1 lb.                     | 8.6   | 1.78 lb. oats             | 3.6     | 5.0           | 42                         |
| Corn flakes       | :19             | 8-oz. pkg.                | 6.7   | 1.275 lb. corn            | 2.5     | 4.2           | 37                         |
| Wheat cereal      | :20             | 28-oz. pkg.               | 23.4  | 2.065 lb. wheat           | 4.4     | 19.0          | 19                         |
|                   | :               |                           |       |                           |         |               |                            |
| Rice              | :21             | 1 lb.                     | 12.8  | 1.51 lb. rough            | 5.5     | 7.3           | 43                         |
|                   | :               |                           |       | rice                      |         |               |                            |
| Navy beans        | :22             | 1 lb.                     | 10.3  | 1 lb. dry beans           | 5.6     | 4.7           | 54                         |
|                   | :               |                           |       |                           |         |               |                            |
| Oranges           | :24             | 1 doz.                    | 50.3  | 1/17 box                  | 18.9    | 31.4          | 38                         |
|                   | :               |                           |       |                           |         |               |                            |
| Potatoes          | :25             | 1 lb.                     | 4.3   | 1 lb.                     | 2.7     | 1.6           | 63                         |
|                   | :               |                           |       |                           |         |               |                            |
| Apples            | :35             | 1 lb.                     | 11.3  | 1 lb.                     | 4.5     | 6.8           | 40                         |
|                   | :               |                           |       |                           |         |               |                            |
| Lamb products     | :37             | 1 lb. prin.               |       | 2.16 lb. live             |         |               |                            |
|                   | :               | lamb cuts                 | 35.9  | lamb                      | 27.6    | 8.3           | 77                         |
| Sweetpotatoes     | :38             | 1 lb.                     | 14.2  | 1 lb.                     | 5.0     | 9.2           | 35                         |
|                   | :               |                           |       |                           |         |               |                            |
| Rye bread         | :39             | 1 lb.                     | 9.6   | 0.39 lb. rye &            | 2.0     | 7.6           | 21                         |
|                   | :               |                           |       | 0.64 lb. wheat            |         |               |                            |
| Whole wh. bread   | :40             | 1 lb.                     | 10.2  | 0.92 lb. wheat            | 1.9     | 8.3           | 19                         |
|                   | :               |                           |       |                           |         |               |                            |
| Macaroni          | :41             | 1 lb.                     | 15.6  | 1.72 lb. durum            |         |               |                            |
|                   | :               |                           |       | wheat                     | 3.4     | 12.2          | 22                         |
| Soda crackers     | :42             | 1 lb.                     | 18.4  | 1.085 lb. wheat           | 2.3     | 16.1          | 12                         |
|                   | :               |                           |       |                           |         |               |                            |
| Peanut butter     | :44             | 1 lb.                     | 33.3  | 1.73 lb. peanuts          | 12.4    | 20.9          | 57                         |
|                   | :               |                           |       |                           |         |               |                            |
| 58 foods combined | : 8             | Annual family consumption | \$440 | Annual family consumption | 2/\$255 | \$185         | 58                         |

1/ Table numbers refer to numbering in original 1936 report and annual supplements entitled "Price Spreads Between the Farmer and the Consumer."

2/ Preliminary.

Retail prices from the United States Bureau of Labor Statistics.



Table 8 .- Price spreads between the farmer and the consumer - food products, retail price and farm value, August 1943

| Commodity         | Retail unit               | Retail price       |            | Percentage change to |                                      | Farm value         |            | Percentage change to |                                      |
|-------------------|---------------------------|--------------------|------------|----------------------|--------------------------------------|--------------------|------------|----------------------|--------------------------------------|
|                   |                           | 1935-39: Aug. 1943 | 1942: 1943 | 1935-39: Aug. 1943   | Aug. 1943 from: average: 1942 : 1943 | 1935-39: Aug. 1943 | 1942: 1943 | 1935-39: Aug. 1943   | Aug. 1943 from: average: 1942 : 1943 |
|                   |                           | Cents              | Cents      | Percent              | Percent                              | Cents              | Cents      | Percent              | Percent                              |
| Pork products     | 1 lb. prin. pork products | 25.3               | 29.6       | 29.3                 | - 1                                  | 15.7               | 26.3       | 25.1                 | 26.0                                 |
| Dairy products    | 100 lb. milk equivalent   | 324.0              | 407.2      | 426.4                | + 5                                  | 146.0              | 204.7      | 1/248.8              | 2/253.0                              |
| Eggs              | 1 doz.                    | 31.7               | 42.0       | 44.5                 | + 5                                  | 16.5               | 21.8       | 28.1                 | 28.4                                 |
| White flour       | 1 lb.                     | 4.5                | 5.2        | 6.1                  | + 19                                 | 2.0                | 2.2        | 3.0                  | 3.0                                  |
| White bread       | 1 lb.                     | 8.2                | 8.6        | 8.8                  | + 2                                  | 1.3                | 1.5        | 2.0                  | 2.1                                  |
| Corn meal         | 1 lb.                     | 5.0                | 4.9        | 5.7                  | + 18                                 | 1.8                | 2.2        | 2.3                  | 2.9                                  |
| Roller oats       | 1 lb.                     | 7.4                | 8.7        | 8.6                  | - 1                                  | 1.3                | 2.4        | 3.6                  | 3.6                                  |
| Corn flakes       | 12-oz. pkg.               | 7.8                | 7.1        | 6.6                  | - 7                                  | 1.6                | 1.9        | 2.5                  | 2.5                                  |
| Wheat cereal      | 12-oz. pkg.               | 24.3               | 24.0       | 23.3                 | - 2                                  | 2.9                | 3.3        | 4.3                  | 4.4                                  |
| Rice              | 1 lb.                     | 8.2                | 12.4       | 12.6                 | + 3                                  | 2.5                | 5.5        | 5.9                  | 5.5                                  |
| Mary beans        | 1 lb.                     | 6.9                | 9.0        | 10.0                 | + 14                                 | 3.5                | 4.4        | 5.6                  | 5.6                                  |
| Oranges           | 1 doz.                    | 31.5               | 39.5       | 47.9                 | + 27                                 | 9.3                | 13.2       | 18.6                 | 18.9                                 |
| Potatoes          | 1 lb.                     | 2.5                | 3.3        | 4.8                  | + 30                                 | 1.2                | 1.9        | 2.8                  | 2.7                                  |
| Apples            | 1 lb.                     | 5.5                | 6.6        | 13.6                 | + 71                                 | 1.9                | 2.4        | 5.3                  | 4.5                                  |
| Lamb products     | 1 lb. prin. lamb cuts     | 27.2               | 35.2       | 36.3                 | + 2                                  | 16.2               | 26.1       | 28.7                 | 27.6                                 |
| Sweetpotatoes     | 1 lb.                     | 4.4                | 8.3        | 17.2                 | + 71                                 | 1.5                | 2.5        | 4.9                  | 5.0                                  |
| Eye bread         | 1 lb.                     | 9.1                | 9.2        | 9.5                  | + 4                                  | 1.3                | 1.4        | 2.0                  | 2.0                                  |
| Whole wheat bread | 1 lb.                     | 9.3                | 9.9        | 10.1                 | + 3                                  | 1.3                | 1.5        | 1.9                  | 1.9                                  |
| Macaroni          | 1 lb.                     | 15.0               | 14.1       | 15.6                 | + 11                                 | 2.3                | 2.5        | 3.5                  | 3.4                                  |
| Soda crackers     | 1 lb.                     | 16.9               | 16.5       | 18.0                 | + 12                                 | 1.5                | 1.7        | 2.3                  | 2.3                                  |
| Peanut butter     | 1 lb.                     | 49.3               | 26.8       | 33.1                 | + 24                                 | 6.1                | 10.4       | 12.4                 | 12.4                                 |
| 56 foods combined | Annual family consumption | \$332              | \$402      | \$451                | + 9                                  | \$141              | \$215      | \$255                | \$255                                |
|                   |                           |                    |            |                      | - 2                                  |                    |            |                      | + 19                                 |

Retail prices are 56-city averages as published by the United States Bureau of Labor Statistics - Farm values are calculated from U. S. average farm price.

1/ Revised. 2/ Preliminary. 3/ Less than 0.5 percent.

Table 9 .- Price spreads between the farmer and the consumer - food products: margins, and farm value as percentage of retail price

| Commodity         | Retail unit               | Margin                              |                     | Percentage : change to :   |                              | Farm value as percentage of retail price              |  |  |    |    |
|-------------------|---------------------------|-------------------------------------|---------------------|----------------------------|------------------------------|---|--|--|----|----|
|                   |                           | :                                   |                     | : Aug. 1943 from-:         |                              | :   |  |  |    |    |
|                   |                           | 1935-39: Aug. : 1942 : 1943 : Cents | July : 1943 : Cents | Aug. : 1942 : 1943 : Cents | Aug. : 1942 : 1943 : Percent | July : 1943 : 1935-39: average: 1942 : 1943 : Percent | July : Aug. : 1943 : 1935-39: average: 1942 : 1943 : Percent | July : Aug. : 1943 : 1935-39: average: 1942 : 1943 : Percent |    |    |
| Pork products     | 1 lb. prin. pork products | 9.6                                 | 2.8                 | 4.4                        | 3.3 + 18                     | - 25  | 62   | 91   | 85 | 89 |
| Dairy products    | 100 lb. milk equiv.       | 178.0                               | 202.5               | 1/179.6                    | 2/173.4 - 14                 | - 3   | 45   | 50   | 58 | 59 |
| Hens              | 1 lb.                     | 15.2                                | 20.2                | 16.4                       | 15.9 - 21                    | - 3   | 52   | 52   | 63 | 64 |
| Eggs              | 1 doz.                    | 14.3                                | 19.5                | 17.9                       | 20.4 + 5                     | + 14  | 60   | 62   | 67 | 66 |
| White flour       | 1 lb.                     | 2.5                                 | 3.0                 | 3.1                        | 3.2 + 7                      | + 3   | 44   | 42   | 49 | 48 |
| White bread       | 1 lb.                     | 6.9                                 | 7.1                 | 6.8                        | 6.7 - 6                      | - 1   | 16   | 17   | 23 | 24 |
| Corn meal         | 1 lb.                     | 3.2                                 | 2.7                 | 2.8                        | 2.9 + 7                      | + 4   | 36   | 45   | 51 | 50 |
| Rollod oats       | 1 lb.                     | 5.5                                 | 6.3                 | 5.0                        | 5.0 - 21                     | 0   | 26   | 28   | 42 | 42 |
| Corn flakes       | 8-oz. pkg.                | 6.2                                 | 5.2                 | 4.1                        | 4.2 - 19                     | + 2   | 21   | 27   | 38 | 37 |
| Wheat cereal      | 28-oz. pkg.               | 21.4                                | 20.7                | 19.0                       | 19.0 - 8                     | 0   | 12   | 14   | 18 | 19 |
| Rice              | 1 lb.                     | 5.7                                 | 6.9                 | 6.7                        | 7.3 + 6                      | + 9   | 30   | 44   | 47 | 43 |
| Navy beans        | 1 lb.                     | 3.4                                 | 4.6                 | 4.4                        | 4.7 + 2                      | + 7   | 51   | 49   | 56 | 54 |
| Oranges           | 1 lb.                     | 22.2                                | 26.3                | 29.3                       | 31.4 + 19                    | + 7   | 30   | 33   | 39 | 38 |
| Potatoes          | 1 lb.                     | 1.3                                 | 1.4                 | 2.0                        | 1.6 + 14                     | - 20  | 48   | 58   | 58 | 63 |
| Apples            | 1 lb.                     | 3.6                                 | 4.2                 | 8.3                        | 6.8 + 62                     | - 18  | 35   | 36   | 39 | 40 |
| Lamb products     | 1 lb. prin. lamb cuts     | 11.0                                | 9.1                 | 7.6                        | 8.3 - 9                      | + 9   | 60   | 74   | 79 | 77 |
| Sweetpotatoes     | 1 lb.                     | 2.9                                 | 5.8                 | 12.3                       | 9.2 + 59                     | - 25  | 34   | 30   | 28 | 35 |
| Rye bread         | 1 lb.                     | 7.8                                 | 7.8                 | 7.5                        | 7.6 - 3                      | + 1   | 14   | 15   | 21 | 21 |
| Whole wh. bread   | 1 lb.                     | 8.0                                 | 8.4                 | 8.2                        | 8.3 - 1                      | + 1   | 14   | 15   | 19 | 19 |
| Macaroni          | 1 lb.                     | 12.7                                | 11.6                | 12.1                       | 12.2 + 5                     | + 1   | 15   | 18   | 22 | 22 |
| Soda crackers     | 1 lb.                     | 15.4                                | 14.8                | 15.7                       | 16.1 + 9                     | + 3   | 9  | 10   | 13 | 12 |
| Peanut butter     | 1 lb.                     | 13.2                                | 16.4                | 20.7                       | 20.9 + 27                    | + 1   | 32   | 39   | 37 | 37 |
| 58 foods combined | Annual family consumption | \$191                               | \$187               | \$196                      | \$185 - 1                    | - 6   | 42   | 53   | 57 | 58 |

1/ Revised. 2/ Preliminary.



Table 10.- Farm products: Indexes of prices at several levels of marketing,  
1935-39 = 100

| Year<br>and<br>month | Foods   |  |                                |   | Fibers  |  |   | Whole-   |  |                                       |
|----------------------|---|--|--------------------------------|---|---|--|---|--|--|---------------------------------------|
|                      | Cost<br>of<br>living<br>of<br>city<br>fa-<br>milies<br>1/ | Retail<br>prices<br>of<br>all<br>foods<br>1/ | Whole-<br>sale<br>prices<br>2/ | Farm<br>prices<br>of<br>58<br>foods<br>3/ | Retail<br>prices<br>of<br>cloth-<br>ing<br>1/ | Whole-<br>sale<br>prices<br>of<br>textile<br>pro-<br>ducts<br>2/ | Farm<br>prices<br>of<br>cotton<br>and<br>wool<br>4/ | sale<br>prices<br>of<br>all<br>farm<br>pro-<br>ducts<br>2/ | Farm<br>prices<br>of<br>all<br>pro-<br>ducts<br>3/ | Prices<br>paid<br>by<br>farmers<br>3/ |
| 1913                 | 71  | 80   | 81                             | 95  | 69  | 81   | 111   | 94   | 95   | 81                                    |
| 1914                 | 72  | 82   | 82                             | 97  | 70  | 77   | 97  | 94   | 95   | 80                                    |
| 1916                 | 78  | 91   | 96                             | 110                                       | 78  | 99   | 131   | 111  | 111  | 100                                   |
| 1918                 | 108   | 134  | 151                            | 174                                       | 128   | 193  | 281   | 195  | 190  | 141                                   |
| 1920                 | 143   | 169  | 174                            | 193                                       | 201   | 232  | 282   | 198  | 199  | 162                                   |
| 1929                 | 122   | 132  | 126                            | 138                                       | 115   | 127  | 167   | 138  | 137  | 123                                   |
| 1932                 | 98  | 86   | 77                             | 62  | 91  | 77   | 55  | 63   | 61   | 86                                    |
| 1935                 | 98  | 100  | 106                            | 98  | 97  | 100  | 109   | 104  | 102  | 100                                   |
| 1936                 | 99  | 101  | 104                            | 108                                       | 98  | 101  | 114   | 106  | 107  | 100                                   |
| 1937                 | 103   | 105  | 108                            | 113                                       | 103   | 107  | 111   | 114  | 114  | 105                                   |
| 1938                 | 101   | 98   | 93                             | 92  | 102   | 94   | 81  | 90   | 89   | 98                                    |
| 1939                 | 99  | 95   | 89                             | 89  | 100   | 98   | 85  | 86   | 88   | 97                                    |
| 1940                 | 100   | 97   | 90                             | 94  | 102   | 104  | 97  | 89   | 92   | 99                                    |
| 1941                 | 105   | 105  | 105                            | 116                                       | 106   | 119  | 131   | 108  | 115  | 105                                   |
| 1942                 | 116   | 124  | 126                            | 148                                       | 124   | 136  | 178   | 139  | 148  | 122                                   |
| 1939- Aug.           | ---   | 94   | 85                             | 85  | ---   | 96   | 85  | 80   | 83   | 96                                    |
| Sept.                | 101   | 98   | 95                             | 95  | 100   | 101  | 91  | 90   | 92   | 98                                    |
| 1942- Aug.           | 118   | 126  | 127                            | 152                                       | 125   | 137  | 174   | 140  | 152  | 122                                   |
| Sept.                | 118   | 127  | 130                            | 153                                       | 126   | 137  | 179   | 142  | 151  | 123                                   |
| Oct.                 | 119   | 130  | 131                            | 159                                       | 126   | 137  | 182   | 143  | 156  | 124                                   |
| Nov.                 | 120   | 131  | 131                            | 161                                       | 126   | 137  | 184   | 145  | 158  | 125                                   |
| Dec.                 | 120   | 133  | 132                            | 166                                       | 126   | 137  | 187   | 150  | 170  | 125                                   |
| 1943- Jan.           | 121   | 133  | 133                            | 170                                       | 126   | 137  | 189   | 154  | 174  | 127                                   |
| Feb.                 | 121   | 134  | 134                            | 174                                       | 126   | 137  | 188   | 157  | 171  | 129                                   |
| Mar.                 | 123   | 137  | 136                            | 182                                       | 128   | 137  | 191   | 148  | 173  | 129                                   |
| Apr.                 | 124   | 141  | 137                            | 185                                       | 128   | 137  | 192   | 163  | 175  | 130                                   |
| May                  | 125   | 143  | 140                            | 185                                       | 128   | 137  | 192   | 165  | 176  | 131                                   |
| June                 | 125   | 142  | 139                            | 184                                       | 128   | 137  | 192   | 166  | 179  | 132                                   |
| July                 | 124   | 139  | 136                            | 181                                       | 129   | 137  | 189   | 165  | 174  | 133                                   |
| Aug.                 | 123   | 137  | 134                            | 183                                       | 129   | 137  | 190   | 163  | 179  | 133                                   |

- 1/ From "Changes in Cost of Living" Bureau of Labor Statistics.
- 2/ Calculated from figures of the Bureau of Labor Statistics.
- 3/ Based on figures published by the United States Department of Agriculture.
- 4/ Cotton and wool prices weighted by production in the period 1935-39.

Table 11.- Indexes of food costs, consumer income and of charges and hourly earnings in marketing, 1935-39 = 100

| Year and month     | Retail: |          | Non-<br>agricultural: |         | Monthly<br>earnings: |       | Payments: |     | Marketing: |             | Hourly earnings in marketing enterprises |        |
|--------------------|---------|----------|-----------------------|---------|----------------------|-------|-----------|-----|------------|-------------|--|--------|
|                    | cost    | of       | income                | per     | earnings             | to    | farmers:  | of  | Class I:   | Food        | Food                                     | Cotton |
|                    | 58      | payments | 1/                    | factory | worker 2/            | foods | for 3/    | 58  | of         | processing: | 5/                                       | 4/     |
|                    | foods   | 1/       | worker 2/             | factory | worker 2/            | foods | for 3/    | 58  | of         | processing: | 5/                                       | 4/     |
| 1929 .....         | 125     | 122      | 113                   | 113     | 113                  | 115   | 93        | --- | ---        | ---         | ---                                      | ---    |
| 1935-39 average .. | 100     | 100      | 100                   | 100     | 100                  | 100   | 100       | 100 | 100        | 100         | 100                                      | 100    |
| 1940 .....         | 95      | 115      | 111                   | 111     | 111                  | 95    | 105       | 110 | 105        | 106         | 106                                      | 106    |
| 1941 .....         | 103     | 137      | 132                   | 132     | 132                  | 93    | 106       | 116 | 110        | 119         | 119                                      | 119    |
| 1942 .....         | 120     | 169      | 166                   | 166     | 166                  | 99    | 113       | 128 | 120        | 139         | 139                                      | 139    |
| 1942 - Aug. ....   | 121     | 173      | 171                   | 171     | 171                  | 98    | 117       | 125 | 120        | 141         | 141                                      | 141    |
| Sept. ....         | 122     | 174      | 174                   | 174     | 174                  | 99    | 119       | 125 | 121        | 148         | 148                                      | 148    |
| Oct. ....          | 125     | 179      | 178                   | 178     | 178                  | 99    | 118       | 130 | 122        | 148         | 148                                      | 148    |
| Nov. ....          | 126     | 184      | 182                   | 182     | 182                  | 100   | 121       | 131 | 123        | 149         | 149                                      | 149    |
| Dec. ....          | 127     | 188      | 183                   | 183     | 183                  | 99    | 120       | 135 | 122        | 149         | 149                                      | 149    |
| 1943 - Jan. ....   | 130     | 192      | 182                   | 182     | 182                  | 99    | 120       | 134 | 126        | 150         | 150                                      | 150    |
| Feb. ....          | 130     | 195      | 185                   | 185     | 185                  | 97    | 123       | 135 | 127        | 150         | 150                                      | 150    |
| Mar. ....          | 135     | 197      | 188                   | 188     | 188                  | 100   | 119       | 136 | 127        | 151         | 151                                      | 151    |
| Apr. ....          | 139     | 200      | 192                   | 192     | 192                  | 105   | 120       | 136 | 128        | 151         | 151                                      | 151    |
| May ....           | 143     | 202      | 194                   | 194     | 194                  | 112   | 120       | 139 | 129        | 152         | 152                                      | 152    |
| June ....          | 142     | 6/205    | 6/195                 | 6/195   | 6/195                | 110   | 119       | 140 | 130        | 152         | 152                                      | 152    |
| July ....          | 136     | 7/208    | 7/194                 | 7/194   | 7/194                | 103   | ---       | 140 | ---        | 152         | 152                                      | 152    |
| Aug. ....          | 133     | ---      | ---                   | ---     | ---                  | 97    | ---       | --- | ---        | ---         | ---                                      | ---    |

1/ United States Department of Commerce estimates. Adjusted for seasonal variation. Revised series.

2/ Prepared in the Bureau of Agricultural Economics from data of the United States Bureau of Labor Statistics, adjusted for seasonal variation.

3/ Compiled from data published by the Interstate Commerce Commission.

4/ United States Bureau of Labor Statistics.

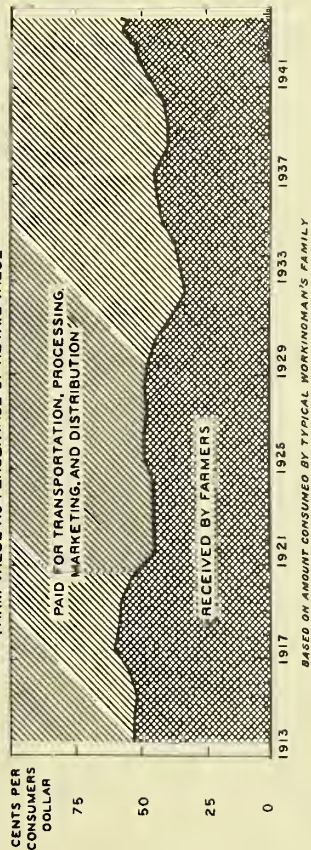
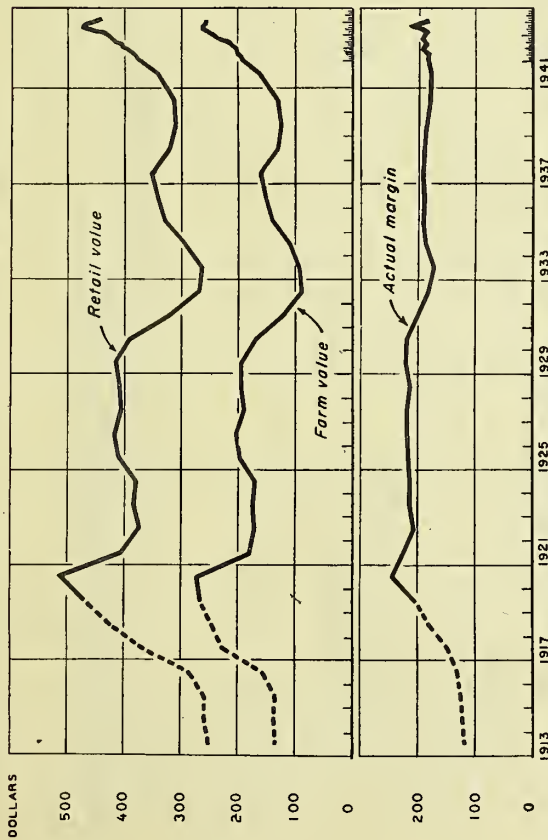
5/ Weighted composite of earnings in steam railways, food processing, wholesaling, and retailing.

6/ Revised.

7/ Preliminary estimates.



RETAIL AND FARM VALUE OF 58 FOODS, UNITED STATES, 1913-43



U. S. DEPARTMENT OF AGRICULTURE  
BUREAU OF AGRICULTURAL ECONOMICS

Charges for marketing farm food products have been relatively low in recent years. In August 1943 the farmer's share of the retail food dollar reached 58 cents, a record high since 1919. Retail prices of domestic foods after surpassing the 1919 level in May 1943, dropped during the next 3 months under the OPA price roll-back program. Nearly all of the large increase in retail food prices occurring since 1939 was passed back to farmers in the form of higher payments for food products.

58 foods: Estimated retail value and equivalent farm value of quantities purchased annually by a typical workman's family, United States, 1913-43

| Year      | Farm value | Retail value | Margin  | Farm value as percentage of retail value |
|-----------|------------|--------------|---------|--|
|           | Dollars    | Dollars      | Dollars | Percent                                  |
| 1913      | 134        | 252          | 118     | 53                                       |
| 1914      | 137        | 258          | 121     | 53                                       |
| 1915      | 134        | 258          | 124     | 52                                       |
| 1916      | 155        | 285          | 130     | 54                                       |
| 1917      | 223        | 370          | 147     | 60                                       |
| 1918      | 245        | 424          | 179     | 58                                       |
| 1919      | 267        | 470          | 203     | 57                                       |
| 1920      | 272        | 514          | 242     | 53                                       |
| 1921      | 179        | 404          | 225     | 44                                       |
| 1922      | 170        | 374          | 204     | 45                                       |
| 1923      | 173        | 384          | 211     | 45                                       |
| 1924      | 176        | 381          | 205     | 45                                       |
| 1925      | 198        | 410          | 212     | 48                                       |
| 1926      | 202        | 418          | 216     | 48                                       |
| 1927      | 190        | 406          | 216     | 47                                       |
| 1928      | 194        | 407          | 213     | 48                                       |
| 1929      | 195        | 415          | 220     | 47                                       |
| 1930      | 171        | 391          | 220     | 44                                       |
| 1931      | 121        | 322          | 201     | 38                                       |
| 1932      | 88         | 270          | 182     | 33                                       |
| 1933      | 92         | 264          | 172     | 35                                       |
| 1934      | 108        | 295          | 187     | 37                                       |
| 1935      | 138        | 331          | 193     | 42                                       |
| 1936      | 152        | 342          | 190     | 44                                       |
| 1937      | 160        | 353          | 193     | 45                                       |
| 1938      | 130        | 321          | 191     | 40                                       |
| 1939      | 126        | 311          | 185     | 41                                       |
| 1940      | 132        | 314          | 182     | 42                                       |
| 1941      | 164        | 342          | 178     | 48                                       |
| 1942      | 209        | 398          | 189     | 53                                       |
| 1943 - 3/ |            |              |         |  |
| Jan.      | 241        | 430          | 189     | 56                                       |
| Feb.      | 246        | 432          | 186     | 57                                       |
| Mar.      | 257        | 448          | 191     | 57                                       |
| Apr.      | 261        | 462          | 201     | 56                                       |
| May       | 261        | 475          | 214     | 55                                       |
| June      | 260        | 470          | 210     | 55                                       |
| July      | 255        | 451          | 196     | 57                                       |
| Aug.      | 255        | 440          | 185     | 58                                       |

Estimates of annual purchases of foods by a typical workman's family were obtained from the 1918-19 Cost of Living Survey made by the U. S. Bureau of Labor Statistics. The 58 foods include meat, dairy and poultry products, bakery and cereal products, a number of fresh and canned fruits and vegetables, and several miscellaneous items.

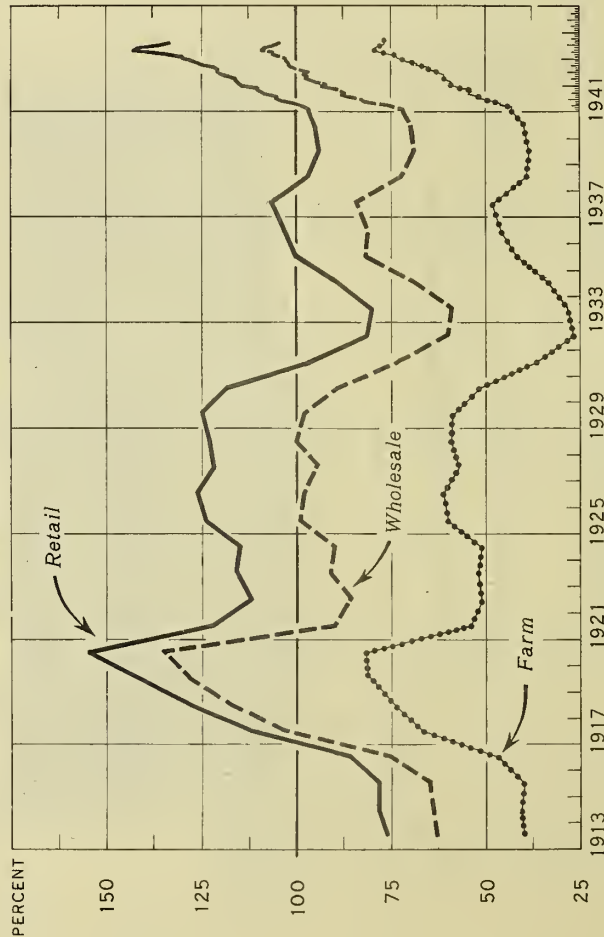
1/ Retail price data are from the U. S. Bureau of Labor Statistics, farm price data are principally those estimated by the Bureau of Agricultural Economics.

2/ No allowance is made for processing taxes on wheat, rye, rice, hogs, corn, peanuts, and sugar, which, on the quantities of these products included in annual family purchases, amounted to about \$2 in 1933, \$10 in 1934, and \$11 in 1935.

3/ No allowance is made for subsidy payments to processors of certain foods in 1943.

# FOODS: RETAIL, WHOLESAL, AND FARM PRICES, UNITED STATES, 1913-43

INDEX NUMBERS (1935-39 RETAIL=100)



U S DEPARTMENT OF AGRICULTURE

NEG 42836 BUREAU OF AGRICULTURAL ECONOMICS

Trends in prices of farm food products are shown here at three levels of marketing. The wholesale series is adjusted to the level of cost to retailer and divides the entire farm-retail spread into the retailer's margin and the margin for other marketing services. The retailer's margin increased into 1943, but declined from May to August.

Foods: Retail, wholesale, and farm prices, United States,  
1913-August 1943

Index numbers (1935-39 Retail = 100)

| Year and month | Retail  |           | Wholesale |           | Farm    |           | Year and month | Retail  |           | Wholesale |           | Farm    |           |
|----------------|---------|-----------|-----------|-----------|---------|-----------|----------------|---------|-----------|-----------|-----------|---------|-----------|
|                | Percent | Prices 1/ | Percent   | Prices 2/ | Percent | Prices 1/ |                | Percent | Prices 1/ | Percent   | Prices 2/ | Percent | Prices 1/ |
| 1913           | 76      | 61        | 40        | 1942 -    | 114     | 93        | 59             |         |           |           |           |         |           |
| 1914           | 78      | 64        | 41        | Jan.      | 115     | 92        | 59             |         |           |           |           |         |           |
| 1915           | 78      | 65        | 40        | Feb.      | 116     | 95        | 59             |         |           |           |           |         |           |
| 1916           | 86      | 75        | 47        | Mar.      | 116     | 97        | 61             |         |           |           |           |         |           |
| 1917           | 112     | 103       | 67        | Apr.      | 118     | 97        | 61             |         |           |           |           |         |           |
| 1918           | 128     | 117       | 74        | May       | 120     | 98        | 61             |         |           |           |           |         |           |
| 1919           | 142     | 128       | 81        | June      | 121     | 97        | 63             |         |           |           |           |         |           |
| 1920           | 155     | 135       | 82        | July      | 121     | 99        | 65             |         |           |           |           |         |           |
| 1921           | 122     | 90        | 54        | Aug.      | 122     | 101       | 65             |         |           |           |           |         |           |
| 1922           | 112     | 86        | 51        | Sept.     | 125     | 102       | 68             |         |           |           |           |         |           |
| 1923           | 116     | 91        | 52        | Oct.      | 126     | 102       | 68             |         |           |           |           |         |           |
| 1924           | 115     | 90        | 51        | Nov.      | 128     | 103       | 71             |         |           |           |           |         |           |
| 1925           | 124     | 99        | 60        | Dec.      |         |           |                |         |           |           |           |         |           |
| 1926           | 126     | 98        | 61        | 1947 -    |         |           |                |         |           |           |           |         |           |
| 1927           | 122     | 95        | 57        | Jan.      | 130     | 103       | 73             |         |           |           |           |         |           |
| 1928           | 123     | 100       | 59        | Feb.      | 130     | 104       | 78             |         |           |           |           |         |           |
| 1929           | 125     | 98        | 59        | Mar.      | 135     | 106       | 79             |         |           |           |           |         |           |
| 1930           | 118     | 89        | 52        | Apr.      | 139     | 109       | 79             |         |           |           |           |         |           |
| 1931           | 97      | 73        | 36        | May       | 143     | 108       | 77             |         |           |           |           |         |           |
| 1932           | 81      | 60        | 27        | June      | 136     | 106       | 77             |         |           |           |           |         |           |
| 1933           | 80      | 59        | 28        | July      | 133     | 104       |                |         |           |           |           |         |           |
| 1934           | 89      | 69        | 33        | Aug.      |         |           |                |         |           |           |           |         |           |
| 1935           | 100     | 82        | 42        |           |         |           |                |         |           |           |           |         |           |
| 1936           | 103     | 81        | 46        |           |         |           |                |         |           |           |           |         |           |
| 1937           | 106     | 84        | 48        |           |         |           |                |         |           |           |           |         |           |
| 1938           | 97      | 72        | 39        |           |         |           |                |         |           |           |           |         |           |
| 1939           | 94      | 69        | 38        |           |         |           |                |         |           |           |           |         |           |
| 1940           | 95      | 70        | 40        |           |         |           |                |         |           |           |           |         |           |
| 1941           | 96      | 72        | 43        |           |         |           |                |         |           |           |           |         |           |
| 1942           | 96      | 72        | 43        |           |         |           |                |         |           |           |           |         |           |
| 1943           | 97      | 74        | 45        |           |         |           |                |         |           |           |           |         |           |
| 1944           | 99      | 76        | 46        |           |         |           |                |         |           |           |           |         |           |
| 1945           | 100     | 79        | 46        |           |         |           |                |         |           |           |           |         |           |
| 1946           | 104     | 82        | 49        |           |         |           |                |         |           |           |           |         |           |
| 1947           | 105     | 83        | 51        |           |         |           |                |         |           |           |           |         |           |
| 1948           | 105     | 86        | 52        |           |         |           |                |         |           |           |           |         |           |
| 1949           | 108     | 88        | 55        |           |         |           |                |         |           |           |           |         |           |
| 1950           | 109     | 87        | 54        |           |         |           |                |         |           |           |           |         |           |
| 1951           | 110     | 88        | 55        |           |         |           |                |         |           |           |           |         |           |
| 1952           | 110     | 89        | 57        |           |         |           |                |         |           |           |           |         |           |

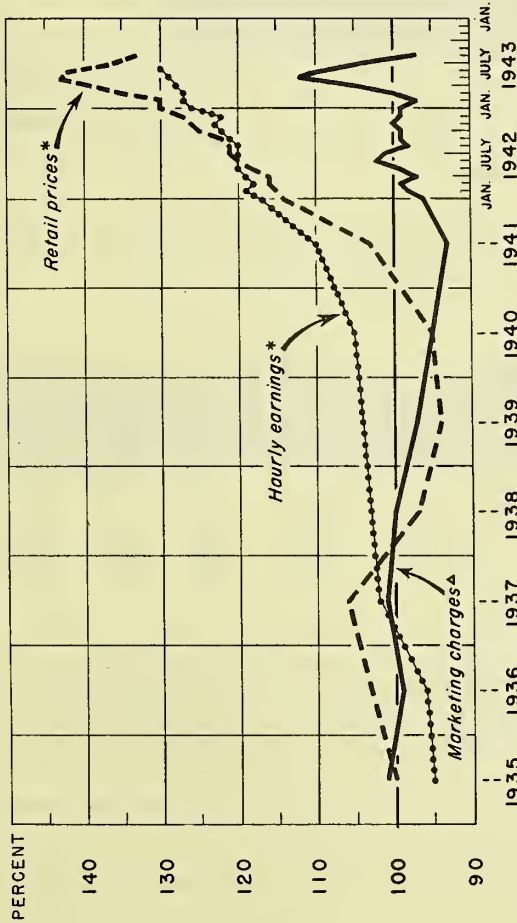
1/ Retail and farm prices are calculated for a group of important farm food products using retail prices of the U. S. Bureau of Labor Statistics.

2/ Based upon the wholesale food price index published by the U. S. Bureau of Labor Statistics.



MARKETING CHARGES AND RETAIL PRICES OF FARM FOOD PRODUCTS,  
AND HOURLY EARNINGS OF FOOD MARKETING EMPLOYEES,  
UNITED STATES, 1935-43

INDEX NUMBERS (1935-39 = 100)



\* BASED ON DATA FROM BUREAU OF LABOR STATISTICS  
A SPREAD BETWEEN RETAIL PRICE AND FARM VALUE OF EQUIVALENT PRODUCE

U.S. DEPARTMENT OF AGRICULTURE

NEG. 43141 BUREAU OF AGRICULTURAL ECONOMICS

Charges for marketing farm food products have remained near pre-war (1935-39) levels in contrast to sharp advances in retail food prices and hourly earnings of marketing employees. Charges rose to a 12-year record high in May 1943 but again dropped below pre-war when retail food prices were rolled back. Some food processors are receiving government subsidies which are not included in the marketing charges shown on this chart.

| Year and month: | Retail prices 1/ | Hourly earnings 2/ | Marketing charges 3/ |
|-----------------|------------------|--------------------|----------------------|
| 1935            | 100              | 95                 | 101                  |
| 1936            | 103              | 96                 | 100                  |
| 1937            | 106              | 102                | 101                  |
| 1938            | 97               | 103                | 100                  |
| 1939            | 94               | 104                | 97                   |
| 1940            | 95               | 105                | 95                   |
| 1941            | 103              | 110                | 95                   |
| 1942 - Jan.     | 114              | 117                | 96                   |
| Feb.            | 115              | 119                | 98                   |
| Mar.            | 116              | 118                | 99                   |
| Apr.            | 116              | 119                | 97                   |
| May             | 118              | 120                | 99                   |
| June            | 120              | 120                | 102                  |
| July            | 121              | 120                | 101                  |
| Aug.            | 121              | 120                | 98                   |
| Sept.           | 122              | 121                | 99                   |
| Oct.            | 125              | 122                | 99                   |
| Nov.            | 126              | 123                | 100                  |
| Dec.            | 127              | 122                | 99                   |
| 1943 - Jan.     | 130              | 126                | 99                   |
| Feb.            | 130              | 127                | 97                   |
| Mar.            | 135              | 127                | 100                  |
| Apr.            | 132              | 128                | 105                  |
| May             | 143              | 129                | 112                  |
| June            | 142              | 130                | 110                  |
| July            | 136              | 134                | 105                  |
| Aug.            | 135              | 134                | 97                   |

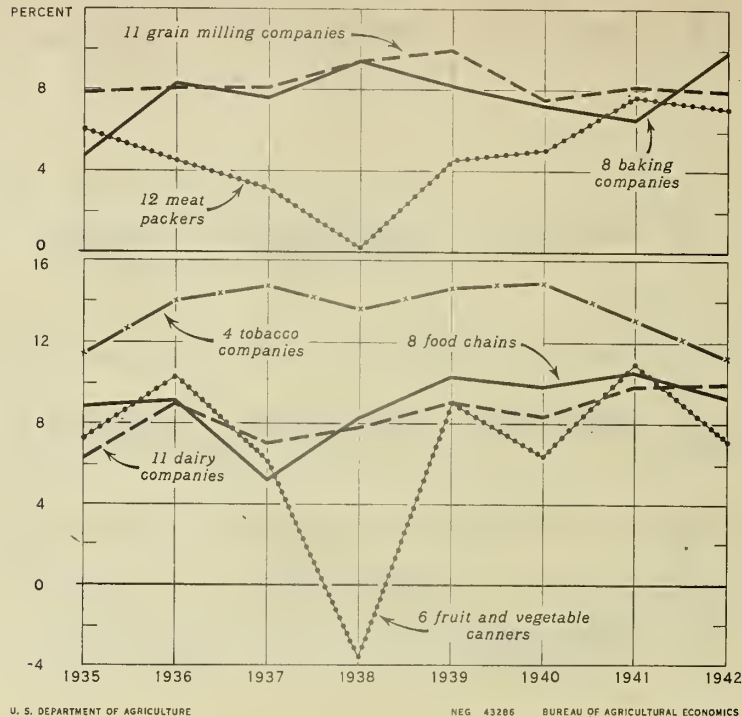
1/ Index based upon retail prices in 5/ offices.

2/ Weighted average of hourly earnings in class I steam railways, food processing, wholesaling and retailing.

3/ The spread between retail value of important farm food products and payments to farmers for equivalent produce.

4/ Not available.

**FOOD AND TOBACCO CORPORATIONS: OPERATING  
PROFIT (LESS PROVISION FOR FEDERAL TAXES) AS  
PERCENTAGE OF INVESTMENT, 1935-42**



Profits as percentage of investment for important corporations engaged in processing and distributing food and tobacco products fell off slightly in 1942 from the 1941 level except for baking companies and dairy product processors. Profits were calculated after deducting provisions for Federal taxes which were sharply higher in 1942. Profit percentages in 1942 ranged from about 7 percent for fruit and vegetable canners to about 11 percent for tobacco companies, and were higher than the 1935-39 pre-war average for all groups except grain milling and tobacco companies.

Food and tobacco corporations: Operating profit (less provision for Federal taxes) as percentage of investment, 1935-42. 1/

| Year | 8<br>baking<br>companies | 11<br>grain<br>milling<br>companies | 12<br>meat<br>products<br>packers | 11<br>dairy<br>products<br>companies | 6<br>fruit &<br>vegetable<br>canners | 8<br>food<br>chains | 4<br>tobacco<br>companies |
|------|--------------------------|-------------------------------------|-----------------------------------|--------------------------------------|--------------------------------------|---------------------|---------------------------|
|      | Percent                  | Percent                             | Percent                           | Percent                              | Percent                              | Percent             | Percent                   |
| 1935 | 4.75                     | 7.91                                | 6.10                              | 6.24                                 | 7.33                                 | 8.85                | 11.48                     |
| 1936 | 8.26                     | 8.10                                | 4.50                              | 8.98                                 | 10.40                                | 9.12                | 14.15                     |
| 1937 | 7.55                     | 8.13                                | 3.09                              | 7.00                                 | 6.16                                 | 5.21                | 14.91                     |
| 1938 | 9.38                     | 9.41                                | 0.18                              | 7.75                                 | 3.59                                 | 8.34                | 13.70                     |
| 1939 | 8.21                     | 9.99                                | 4.55                              | 9.06                                 | 9.05                                 | 10.34               | 14.69                     |
| 1940 | 7.23                     | 7.53                                | 5.02                              | 8.30                                 | 6.37                                 | 9.84                | 14.95                     |
| 1941 | 6.56                     | 8.14                                | 7.72                              | 9.82                                 | 10.98                                | 10.52               | 13.10                     |
| 1942 | 9.92                     | 7.95                                | 7.13                              | 9.89                                 | 7.10                                 | 9.25                | 11.23                     |

1/ In general the operating profit is the net sales less cost of sales, operating expenses, maintenance, and depreciation. The provisions for Federal taxes includes both income taxes and excess profits taxes, and in some cases Canadian income taxes and State income taxes. "Other income" is not included in operating profit, however, the Federal taxes are on all sources of income as it is not possible to separate them.

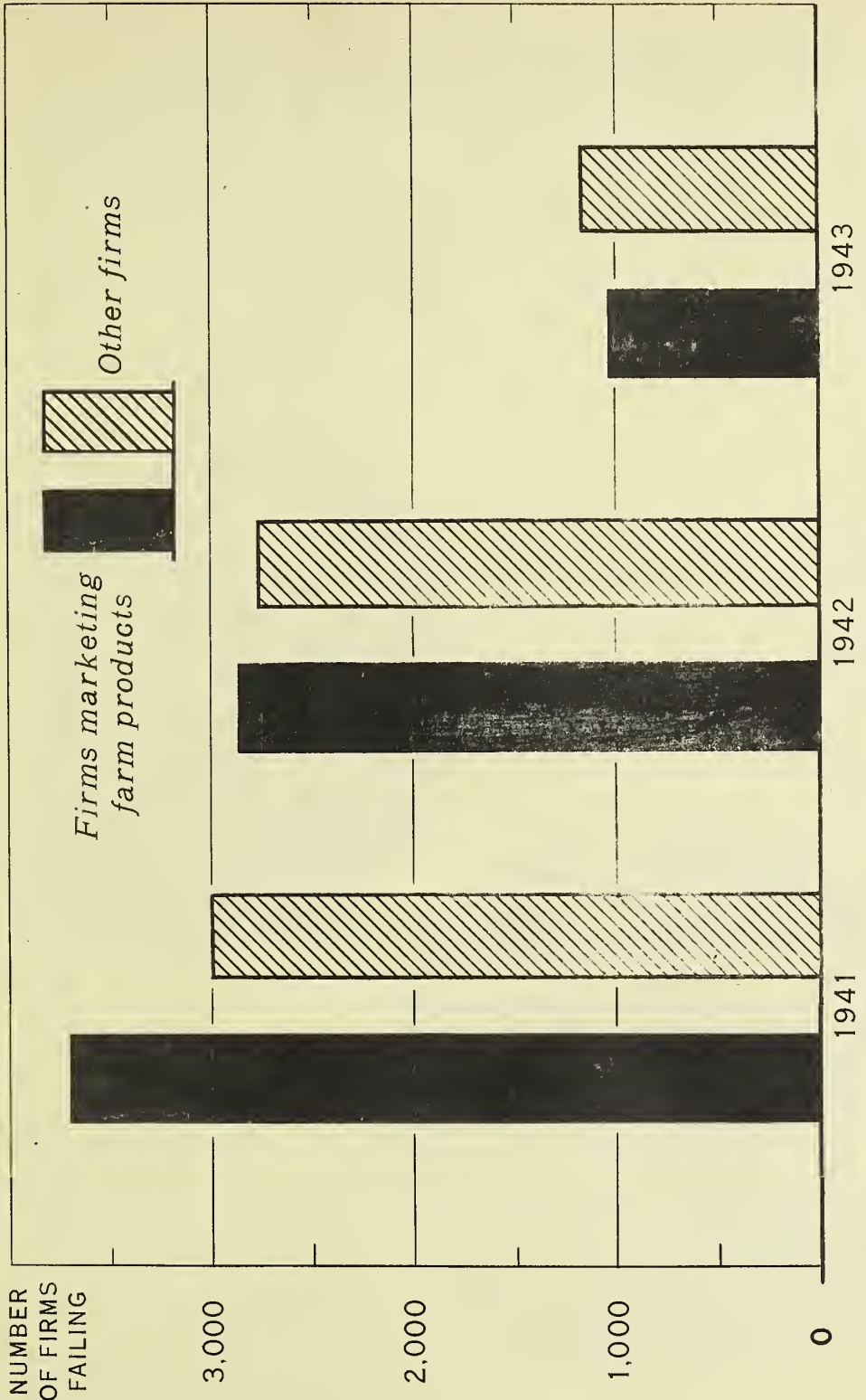
Investment includes common stock, preferred stock, funded debt, minority interests, capital surplus, earned surplus, and various reserves. Goodwill, patents, etc., have been deducted.

Source: Operating profit and investment compiled from Moody's Industrials.



# BUSINESS FAILURES OF FIRMS MARKETING FARM PRODUCTS COMPARED WITH OTHER FIRMS\*

( JAN.-JUNE TOTAL, 1941, 1942, AND 1943 )



SOURCE: DUN'S STATISTICAL REVIEW \* INVOLUNTARY, INVOLVING PROBABLE LOSSES TO CREDITORS

U. S. DEPARTMENT OF AGRICULTURE

NEG. 43331

BUREAU OF AGRICULTURAL ECONOMICS

Reports on the number of business firms failing during the first 6 months of the years 1941, 1942 and 1943 show that there was a significant decline in failures from 1941 to 1942 followed by a sharp decline into 1943. The decline in failures has been more pronounced for agencies marketing and processing farm products than for other firms.

